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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।
Separate paging is given to this Part in order that it may be filed as a separate compilation.

LOK SABHA

The following Bill was introduced in Lok Sabha on 1st February, 2017:—

BILL NO. 12 OF 2017

A Bill to give effect to the financial proposals of the Central Government for the financial year 2017-2018.

BE it enacted by Parliament in the Sixty-Eighth Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

Short title and commencement.

1. (*1*) This Act may be called the Finance Act, 2017.

(*2*) Save as otherwise provided in this Act, sections 2 to 87 shall come into force on the 1st day of April, 2017.

CHAPTER II

RATES OF INCOME-TAX

Income-tax.

2. (*1*) Subject to the provisions of sub-sections (*2*) and (*3*), for the assessment year commencing on the 1st day of April, 2017, income-tax shall be charged at the rates specified in Part I of the First Schedule and such tax shall be increased by a surcharge, for purposes of the Union, calculated in each case in the manner provided therein.

(*2*) In the cases to which Paragraph A of Part I of the First Schedule applies, where the assessee has, in the previous year, any net agricultural income exceeding five thousand

rupees, in addition to total income, and the total income exceeds two lakh fifty thousand rupees, then,—

(*a*) the net agricultural income shall be taken into account, in the manner provided in clause (*b*) [that is to say, as if the net agricultural income were comprised in the total income after the first two lakh fifty thousand rupees of the total income but without being liable to tax], only for the purpose of charging income-tax in respect of the total income; and

(*b*) the income-tax chargeable shall be calculated as follows:—

(*i*) the total income and the net agricultural income shall be aggregated and the amount of income-tax shall be determined in respect of the aggregate income at the rates specified in the said Paragraph A, as if such aggregate income were the total income;

(*ii*) the net agricultural income shall be increased by a sum of two lakh fifty thousand rupees, and the amount of income-tax shall be determined in respect of the net agricultural income as so increased at the rates specified in the said Paragraph A, as if the net agricultural income as so increased were the total income;

(*iii*) the amount of income-tax determined in accordance with sub-clause (*i*) shall be reduced by the amount of income-tax determined in accordance with sub-clause (*ii*) and the sum so arrived at shall be the income-tax in respect of the total income:

Provided that in the case of every individual, being a resident in India, who is of the age of sixty years or more but less than eighty years at any time during the previous year, referred to in item (*II*) of Paragraph A of Part I of the First Schedule, the provisions of this sub-section shall have effect as if for the words "two lakh fifty thousand rupees", the words "three lakh rupees" had been substituted:

Provided further that in the case of every individual, being a resident in India, who is of the age of eighty years or more at any time during the previous year, referred to in item (*III*) of Paragraph A of Part I of the First Schedule, the provisions of this sub-section shall have effect as if for the words "two lakh fifty thousand rupees", the words "five lakh rupees" had been substituted.

(*3*) In cases to which the provisions of Chapter XII or Chapter XII-A or section 115JB or section 115JC or Chapter XII-FA or Chapter XII-FB or sub-section (*1A*) of section 161 or section 164 or section 164A or section 167B of the Income-tax Act, 1961 (hereinafter referred to as the Income-tax Act) apply, the tax chargeable shall be determined as provided in that Chapter or that section, and with reference to the rates imposed by sub-section (*1*) or the rates as specified in that Chapter or section, as the case may be: 43 of 1961.

Provided that the amount of income-tax computed in accordance with the provisions of section 111A or section 112 of the Income-tax Act shall be increased by a surcharge, for the purposes of the Union, as provided in Paragraph A, B, C, D or E, as the case may be, of Part I of the First Schedule:

Provided further that in respect of any income chargeable to tax under section 115A, 115AB, 115AC, 115ACA, 115AD, 115B, 115BB, 115BBA, 115BBC, 115BBD, 115BBDA, 115BBF,115E, 115JB or 115JC of the Income-tax Act, the amount of income-tax computed under this sub-section shall be increased by a surcharge, for the purposes of the Union, calculated,—

(*a*) in the case of every individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (*vii*) of clause (*31*) of section 2 of the Income-tax Act, at the rate of fifteen per cent. of such income-tax, where the total income exceeds one crore rupees;

(*b*) in the case of every co-operative society or firm or local authority, at the rate of twelve per cent. of such income-tax, where the total income exceeds one crore rupees;

(*c*) in the case of every domestic company,—

(*i*) at the rate of seven per cent. of such income-tax, where the total income exceeds one crore rupees but does not exceed ten crore rupees;

(*ii*) at the rate of twelve per cent. of such income-tax, where the total income exceeds ten crore rupees;

(*d*) in the case of every company, other than a domestic company,—

(*i*) at the rate of two per cent. of such income-tax, where the total income exceeds one crore rupees but does not exceed ten crore rupees;

(*ii*) at the rate of five per cent. of such income-tax, where the total income exceeds ten crore rupees:

Provided also that in the case of persons mentioned in (*a*) and (*b*) above, having total income chargeable to tax under section 115JC of the Income-tax Act, and such income exceeds one crore rupees, the total amount payable as income-tax on such income and surcharge thereon shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees:

Provided also that in the case of every company having total income chargeable to tax under section 115JB of the Income-tax Act, and such income exceeds one crore rupees but does not exceed ten crore rupees, the total amount payable as income-tax on such income and surcharge thereon, shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees:

Provided also that in the case of every company having total income chargeable to tax under section 115JB of the Income-tax Act, and such income exceeds ten crore rupees, the total amount payable as income-tax on such income and surcharge thereon, shall not exceed the total amount payable as income-tax and surcharge on a total income of ten crore rupees by more than the amount of income that exceeds ten crore rupees:

Provided also that in respect of any income chargeable to tax under clause (*i*) of sub-section (*1*) of section 115BBE of the Income-tax Act, the amount of income-tax computed under this sub-section shall be increased by a surcharge, for purposes of the Union, calculated at the rate of twenty-five per cent. of such income-tax.

(*4*) In cases in which tax has to be charged and paid under section 115-O or section 115QA or sub-section (*2*) of section 115R or section 115TA or section 115TD of the Income-tax Act, the tax shall be charged and paid at the rates as specified in those sections and shall be increased by a surcharge, for the purposes of the Union, calculated at the rate of twelve per cent. of such tax.

(*5*) In cases in which tax has to be deducted under sections 193, 194, 194A, 194B, 194BB, 194D, 194LBA, 194LBB, 194LBC and 195 of the Income-tax Act, at the rates in force, the deductions shall be made at the rates specified in Part II of the First Schedule and shall be increased by a surcharge, for the purposes of the Union, calculated in cases wherever prescribed, in the manner provided therein.

(*6*) In cases in which tax has to be deducted under sections 192A, 194C, 194DA, 194E, 194EE, 194F, 194G, 194H, 194-I, 194-IA, 194-IB, 194-IC, 194J, 194LA, 194LB, 194LBA, 194LBB, 194LBC, 194LC, 194LD, 196B, 196C and 196D of the Income-tax Act,

the deductions shall be made at the rates specified in those sections and shall be increased by a surcharge, for the purposes of the Union,—

(*a*) in the case of every individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (*vii*) of clause (*31*) of section 2 of the Income-tax Act, being a non-resident, calculated,—

(i) at the rate of ten per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds fifty lakh rupees but does not exceed one crore rupees;

(*ii*) at the rate of fifteen per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees;

(*b*) in the case of every co-operative society or firm, being a non-resident, calculated at the rate of twelve per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees;

(*c*) in the case of every company, other than a domestic company, calculated,—

(*i*) at the rate of two per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees but does not exceed ten crore rupees;

(*ii*) at the rate of five per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds ten crore rupees.

(*7*) In cases in which tax has to be collected under the proviso to section 194B of the Income-tax Act, the collection shall be made at the rates specified in Part II of the First Schedule, and shall be increased by a surcharge, for the purposes of the Union, calculated, in cases wherever prescribed, in the manner provided therein.

(*8*) In cases in which tax has to be collected under section 206C of the Income-tax Act, the collection shall be made at the rates specified in that section and shall be increased by a surcharge, for the purposes of the Union,—

(*a*) in the case of every individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (*vii*) of clause (*31*) of section 2 of the Income-tax Act, being a non-resident, calculated,—

(i) at the rate of ten per cent. of such tax, where the amount or the aggregate of such amounts collected and subject to the collection exceeds fifty lakh rupees but does not exceed one crore rupees;

(*ii*) at the rate of fifteen per cent. of such tax, where the amount or the aggregate of such amounts collected and subject to the collection exceeds one crore rupees;

(*b*) in the case of every co-operative society or firm, being a non-resident, calculated at the rate of twelve per cent. of such tax, where the amount or the aggregate of such amounts collected and subject to the collection exceeds one crore rupees;

(*c*) in the case of every company, other than a domestic company, calculated,—

(*i*) at the rate of two per cent. of such tax, where the amount or the aggregate of such amounts collected and subject to the collection exceeds one crore rupees but does not exceed ten crore rupees;

(*ii*) at the rate of five per cent. of such tax, where the amount or the aggregate of such amounts collected and subject to the collection exceeds ten crore rupees.

(*9*) Subject to the provisions of sub-section (*10*), in cases in which income-tax has to be charged under sub-section (*4*) of section 172 or sub-section (*2*) of section 174 or section 174A or section 175 or sub-section (*2*) of section 176 of the Income-tax Act or deducted from, or paid on, income chargeable under the head "Salaries" under section 192 of the said Act or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed at the rate or rates in force, such income-tax or, as the case may be, "advance tax" shall be charged, deducted or computed at the rate or rates specified in Part III of the First Schedule and such tax shall be increased by a surcharge, for the purposes of the Union, calculated in such cases and in such manner as provided therein:

Provided that in cases to which the provisions of Chapter XII or Chapter XII-A or section 115JB or section 115JC or Chapter XII-FA or Chapter XII-FB or sub-section (*lA*) of section 161 or section 164 or section 164A or section 167B of the Income-tax Act apply, "advance tax" shall be computed with reference to the rates imposed by this sub-section or the rates as specified in that Chapter or section, as the case may be:

Provided further that the amount of "advance tax" computed in accordance with the provisions of section 111A or section 112 of the Income-tax Act shall be increased by a surcharge, for the purposes of the Union, as provided in Paragraph A, B, C, D or E, as the case may be, of Part III of the First Schedule:

Provided also that in respect of any income chargeable to tax under section 115A, 115AB, 115AC, 115ACA, 115AD, 115B, 115BA, 115BB, 115BBA, 115BBC, 115BBD, 115BBDA, 115BBF, 115BBG, 115E, 115JB or 115JC of the Income-tax Act, "advance tax" computed under the first proviso shall be increased by a surcharge, for the purposes of the Union, calculated,—

(*a*) in the case of every individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (*vii*) of clause (*31*) of section 2 of the Income-tax Act,—

(i) at the rate of ten per cent. of such "advance tax", where the total income exceeds fifty lakh rupees but does not exceed one crore rupees;

(*ii*) at the rate of fifteen per cent. of such "advance tax", where the total income exceeds one crore rupees;

(*b*) in the case of every co-operative society or firm or local authority at the rate of twelve per cent. of such "advance tax", where the total income exceeds one crore rupees;

(*c*) in the case of every domestic company,—

(*i*) at the rate of seven per cent. of such "advance tax", where the total income exceeds one crore rupees but does not exceed ten crore rupees;

(*ii*) at the rate of twelve per cent. of such "advance tax", where the total income exceeds ten crore rupees;

(*d*) in the case of every company, other than a domestic company,—

(*i*) at the rate of two per cent. of such "advance tax", where the total income exceeds one crore rupees but does not exceed ten crore rupees;

(*ii*) at the rate of five per cent. of such "advance tax", where the total income exceeds ten crore rupees:

Provided also that in the case of persons mentioned in (a) above, having total income chargeable to tax under section 115JC of the Income-tax Act, and such income exceeds,—

(*a*) fifty lakh rupees but does not exceed one crore rupees, the total amount payable as "advance tax" on such income and surcharge thereon shall not exceed the total amount payable as "advance tax" on a total income of fifty lakh rupees by more than the amount of income that exceeds fifty lakh rupees;

(*b*) one crore rupees, the total amount payable as "advance tax" on such income and surcharge thereon shall not exceed the total amount payable as "advance tax" on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees:

Provided also that in the case of persons mentioned in (*b*) above, having total income chargeable to tax under section 115JC of the Income-tax Act, and such income exceeds one crore rupees, the total amount payable as "advance tax" on such income and surcharge thereon shall not exceed the total amount payable as "advance tax" on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees:

Provided also that in the case of every company having total income chargeable to tax under section 115JB of the Income-tax Act, and such income exceeds one crore rupees but does not exceed ten crore rupees, the total amount payable as "advance tax" on such income and surcharge thereon, shall not exceed the total amount payable as "advance tax" on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees:

Provided also that in the case of every company having total income chargeable to tax under section 115JB of the Income-tax Act, and such income exceeds ten crore rupees, the total amount payable as "advance tax" on such income and surcharge thereon, shall not exceed the total amount payable as "advance tax" and surcharge on a total income of ten crore rupees by more than the amount of income that exceeds ten crore rupees:

Provided also that in respect of any income chargeable to tax under clause (*i*) of sub-section (*1*) of section 115BBE of the Income-tax Act, the "advance tax" computed under the first proviso shall be increased by a surcharge, for the purposes of the Union, calculated at the rate of twenty-five per cent. of such "advance tax".

(*10*) In cases to which Paragraph A of Part III of the First Schedule applies, where the assessee has, in the previous year or, if by virtue of any provision of the Income-tax Act, income-tax is to be charged in respect of the income of a period other than the previous year, in such other period, any net agricultural income exceeding five thousand rupees, in addition to total income and the total income exceeds two lakh fifty thousand rupees, then, in charging income-tax under sub-section (*2*) of section 174 or section 174A or section 175 or sub-section (*2*) of section 176 of the said Act or in computing the "advance tax" payable under Chapter XVII-C of the said Act, at the rate or rates in force,—

(*a*) the net agricultural income shall be taken into account, in the manner provided in clause (*b*) [that is to say, as if the net agricultural income were comprised in the total income after the first two lakh fifty thousand rupees of the total income but without being liable to tax], only for the purpose of charging or computing such income-tax or, as the case may be, "advance tax" in respect of the total income; and

(*b*) such income-tax or, as the case may be, "advance tax" shall be so charged or computed as follows:—

(*i*) the total income and the net agricultural income shall be aggregated and the amount of income-tax or "advance tax" shall be determined in respect of the aggregate income at the rates specified in the said Paragraph A, as if such aggregate income were the total income;

(*ii*) the net agricultural income shall be increased by a sum of two lakh fifty thousand rupees, and the amount of income-tax or "advance tax" shall be determined in respect of the net agricultural income as so increased at the rates

specified in the said Paragraph A, as if the net agricultural income were the total income;

(*iii*) the amount of income-tax or "advance tax" determined in accordance with sub-clause (*i*) shall be reduced by the amount of income-tax or, as the case may be, "advance tax" determined in accordance with sub-clause (*ii*) and the sum so arrived at shall be the income-tax or, as the case may be, "advance tax" in respect of the total income:

Provided that in the case of every individual, being a resident in India, who is of the age of sixty years or more but less than eighty years at any time during the previous year, referred to in item (*II*) of Paragraph A of Part III of the First Schedule, the provisions of this sub-section shall have effect as if for the words "two lakh fifty thousand rupees", the words "three lakh rupees" had been substituted:

Provided further that in the case of every individual, being a resident in India, who is of the age of eighty years or more at any time during the previous year, referred to in item (*III*) of Paragraph A of Part III of the First Schedule, the provisions of this sub-section shall have effect as if for the words "two lakh fifty thousand rupees", the words "five lakh rupees" had been substituted:

Provided also that the amount of income-tax or "advance tax" so arrived at, shall be increased by a surcharge for the purposes of the Union, calculated in each case, in the manner provided therein.

(*11*) The amount of income-tax as specified in sub-sections (*1*) to (*10*) and as increased by the applicable surcharge, for the purposes of the Union, calculated in the manner provided therein, shall be further increased by an additional surcharge, for purposes of the Union, to be called the "Education Cess on income-tax", calculated at the rate of two per cent. of such income-tax and surcharge so as to fulfil the commitment of the Government to provide and finance universalised quality basic education:

Provided that nothing contained in this sub-section shall apply to cases in which tax is to be deducted or collected under the sections of the Income-tax Act mentioned in sub-sections (*5*), (*6*), (*7*) and (*8*), if the income subjected to deduction of tax at source or collection of tax at source is paid to a domestic company and any other person who is resident in India.

(*12*) The amount of income-tax as specified in sub-sections (*1*) to (*10*) and as increased by the applicable surcharge, for the purposes of the Union, calculated in the manner provided therein, shall also be increased by an additional surcharge, for the purposes of the Union, to be called the "Secondary and Higher Education Cess on income-tax", calculated at the rate of one per cent. of such income-tax and surcharge so as to fulfil the commitment of the Government to provide and finance secondary and higher education:

Provided that nothing contained in this sub-section shall apply to cases in which tax is to be deducted or collected under the sections of the Income-tax Act mentioned in sub-sections (*5*), (*6*), (*7*) and (*8*), if the income subjected to deduction of tax at source or collection of tax at source is paid to a domestic company and any other person who is resident in India.

(*13*) For the purposes of this section and the First Schedule,—

(*a*) "domestic company" means an Indian company or any other company which, in respect of its income liable to income-tax under the Income-tax Act, for the assessment year commencing on the 1st day of April, 2017, has made the prescribed arrangements for the declaration and payment within India of the dividends (including dividends on preference shares) payable out of such income;

(*b*) "insurance commission" means any remuneration or reward, whether by way of commission or otherwise, for soliciting or procuring insurance business (including business relating to the continuance, renewal or revival of policies of insurance);

(*c*) "net agricultural income" in relation to a person, means the total amount of agricultural income, from whatever source derived, of that person computed in accordance with the rules contained in Part IV of the First Schedule;

(*d*) all other words and expressions used in this section and the First Schedule but not defined in this sub-section and defined in the Income-tax Act shall have the meanings, respectively, assigned to them in that Act.

CHAPTER III

DIRECT TAXES

Income-tax

Amendment of section 2.

3. In section 2 of the Income-tax Act, in clause (*42A*),—

(*a*) in the third proviso [as inserted by section 3 of the Finance Act, 2016], after the words and brackets "a company (not being a share listed in a recognised stock exchange in India)", the words "or an immovable property, being land or building or both," shall be inserted with effect from the 1st day of April, 2018; 28 of 2016.

(*b*) in *Explanation* 1, in clause (*i*),—

(*A*) after sub-clause (*he*), the following sub-clause shall be inserted with effect from the 1st day of April, 2018, namely:—

"(*hf*) in the case of a capital asset, being equity shares in a company, which becomes the property of the assessee in consideration of a transfer referred to in clause (*xb*) of section 47, there shall be included the period for which the preference shares were held by the assessee;";

(*B*) after sub-clause (*hf*) as so inserted, the following sub-clause shall be inserted, namely:—

"(*hg*) in the case of a capital asset, being a unit or units, which becomes the property of the assessee in consideration of a transfer referred to in clause (*xix*) of section 47, there shall be included the period for which the unit or units in the consolidating plan of a mutual fund scheme were held by the assessee;".

Amendment of section 9.

4. In section 9 of the Income-tax Act, in sub-section (*1*), in clause (*i*), after *Explanation* 5, the following *Explanation* shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2012, namely:—

"*Explanation* 5A.—For the removal of doubts, it is hereby clarified that nothing contained in *Explanation* 5 shall apply to an asset or capital asset mentioned therein, which is held by a non-resident by way of investment, directly or indirectly, in a Foreign Institutional Investor as referred to in clause (*a*) of the *Explanation* to section 115AD and registered as Category-I or Category-II foreign portfolio investor under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 made under the Securities and Exchange Board of India Act, 1992.". 15 of 1992.

Amendment of section 9A.

5. In section 9A of the Income-tax Act, in sub-section (*3*), in clause (*j*), after the proviso, the following proviso shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2016, namely:—

"Provided further that nothing contained in this clause shall apply to a fund which has been wound up in the previous year;".

Amendment of section 10.

6. In section 10 of the Income-tax Act,—

(*a*) in clause (*4*), in sub-clause (*ii*), in the proviso, for the word, brackets and letter "clause (*q*)", the word, brackets and letter "clause (*w*)" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 2013;

28 of 2016.

(*b*) after clause (*12A*) [as inserted by section 7 of the Finance Act, 2016], the following clause shall be inserted with effect from the 1st day of April, 2018, namely:—

"(*12B*) any payment from the National Pension System Trust to an employee under the pension scheme referred to in section 80CCD, on partial withdrawal made out of his account in accordance with the terms and conditions, specified under the Pension Fund Regulatory and Development Authority Act, 2013 and the regulations made thereunder, to the extent it does not exceed twenty-five per cent. of the amount of contributions made by him;";

23 of 2013.

(*c*) in clause (*23C*),—

(*I*) after sub-clause (*iiiaaa*), the following sub-clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1998, namely:—

"(*iiiaaaa*) the Chief Minister's Relief Fund or the Lieutenant Governor's Relief Fund in respect of any State or Union territory as referred to in sub-clause (*iiihf*) of clause (*a*) of sub-section (*2*) of section 80G; or";

(*II*) after the eleventh proviso, the following proviso shall be inserted with effect from the 1st day of April, 2018, namely:—

"Provided also that any amount credited or paid out of income of any fund or trust or institution or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (*iv*) or sub-clause (*v*) or sub-clause (*vi*) or sub-clause (*via*), to any trust or institution registered under section 12AA, being voluntary contribution made with a specific direction that they shall form part of the corpus of the trust or institution, shall not be treated as application of income to the objects for which such fund or trust or institution or university or educational institution or hospital or other medical institution, as the case may be, is established:";

(*d*) after clause (*37*), the following clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2015, namely:—

'(*37A*) any income chargeable under the head "Capital gains" in respect of transfer of a specified capital asset arising to an assessee, being an individual or a Hindu undivided family, who was the owner of such specified capital asset as on the 2nd day of June, 2014 and transfers that specified capital asset under the Land Pooling Scheme (herein referred to as "the scheme") covered under the Andhra Pradesh Capital City Land Pooling Scheme (Formulation and Implementation) Rules, 2015 made under the provisions of the Andhra Pradesh Capital Region Development Authority Act, 2014 and the rules, regulations and Schemes made under the said Act.

Andhra Pradesh Act 11 of 2014.

Explanation.—For the purposes of this clause, "specified capital asset" means,—

(*a*) the land or building or both owned by the assessee as on the 2nd day of June, 2014 and which has been transferred under the scheme; or

(*b*) the land pooling ownership certificate issued under the scheme to the assessee in respect of land or building or both referred to in clause (*a*); or

(*c*) the reconstituted plot or land, as the case may be, received by the assessee *in lieu* of land or building or both referred to in clause (*a*) in accordance with the scheme, if such plot or land, as the

case may be, so received is transferred within two years from the end of the financial year in which the possession of such plot or land was handed over to him;';

(*e*) in clause (*38*), after the second proviso and before the *Explanation* [as inserted by section 7 of the Finance Act, 2016], the following proviso shall be inserted with effect from the 1st day of April, 2018, namely:— 28 of 2016.

"Provided also that nothing contained in this clause shall apply to any income arising from the transfer of a long-term capital asset, being an equity share in a company, if the transaction of acquisition, other than the acquisition notified by the Central Government in this behalf, of such equity share is entered into on or after the 1st day of October, 2004 and such transaction is not chargeable to securities transaction tax under Chapter VII of the Finance (No. 2) Act, 2004."; 23 of 2004.

(*f*) after clause (*48A*), the following clause shall be inserted with effect from the 1st day of April, 2018, namely:—

"(*48B*) any income accruing or arising to a foreign company on account of sale of leftover stock of crude oil, if any, from the facility in India after the expiry of the agreement or the arrangement referred to in clause (*48A*) subject to such conditions as may be notified by the Central Government in this behalf;".

Amendment of section 10AA.

7. In section 10AA of the Income-tax Act, after sub-section (*1*), the following *Explanation* shall be inserted with effect from the 1st day of April, 2018, namely:—

"*Explanation*.—For the removal of doubts, it is hereby declared that the amount of deduction under this section shall be allowed from the total income of the assessee computed in accordance with the provisions of this Act, before giving effect to the provisions of this section and the deduction under this section shall not exceed such total income of the assessee.".

Amendment of section 11.

8. In section 11 of the Income-tax Act, in sub-section (*1*), the *Explanation* below clause (*d*) shall be numbered as *Explanation* 1 thereof and after *Explanation* 1 as so numbered, the following *Explanation* shall be inserted with effect from the 1st day of April, 2018, namely:—

"*Explanation* 2.—Any amount credited or paid, out of income referred to in clause (*a*) or clause (*b*) read with *Explanation* 1, to any other trust or institution registered under section 12AA, being contribution with a specific direction that they shall form part of the corpus of the trust or institution, shall not be treated as application of income for charitable or religious purposes.".

Amendment of section 12A.

9. In section 12A of the Income-tax Act, in sub-section (*1*), with effect from the 1st day of April, 2018,—

(*i*) after clause (*aa*), the following clause shall be inserted, namely:—

"(*ab*) the person in receipt of the income has made an application for registration of the trust or institution, in a case where a trust or an institution has been granted registration under section 12AA or has obtained registration at any time under section 12A [as it stood before its amendment by the Finance (No. 2) Act, 1996], and, subsequently, it has adopted or undertaken modifications of the objects which do not conform to the conditions of registration, in the prescribed form and manner, within a period of thirty days from the date of said adoption or modification, to the Principal Commissioner or Commissioner and such trust or institution is registered under section 12AA;"; 33 of 1996.

(*ii*) after clause (*b*), the following clause shall be inserted, namely:—

"(*ba*) the person in receipt of the income has furnished the return of income for the previous year in accordance with the provisions of sub-section (*4A*) of section 139, within the time allowed under that section.".

Amendment of section 12AA.

10. In section 12AA of the Income-tax Act, with effect from the 1st day of April, 2018,—

(*a*) in sub-section (*1*), after the word, brackets and letters "clause (*aa*)", the words, brackets and letters "or clause (*ab*)" shall be inserted;

(*b*) in sub-section (*2*), after the word, brackets and letters "clause (*aa*)", the words, brackets and letters "or clause (*ab*)" shall be inserted.

Amendment of section 13A.

11. In section 13A of the Income-tax Act, with effect from the 1st day of April, 2018,—

(*I*) in the first proviso,—

(*i*) in clause (*b*),—

(*A*) after the words "such voluntary contribution", the words "other than contribution by way of electoral bond" shall be inserted;

(*B*) the word "and" occurring at the end shall be omitted;

(*ii*) in clause (*c*), the word "; and" shall be inserted at the end;

(*iii*) after clause (*c*), the following clause shall be inserted, namely:—

'(*d*) no donation exceeding two thousand rupees is received by such political party otherwise than by an account payee cheque drawn on a bank or an account payee bank draft or use of electronic clearing system through a bank account or through electoral bond.

Explanation.—For the purposes of this proviso, "electoral bond" means a bond referred to in the Explanation to sub-section (*3*) of section 31 of the Reserve Bank of India Act, 1934.';

2 of 1934.

(*II*) after the second proviso, the following proviso shall be inserted, namely:—

"Provided also that such political party furnishes a return of income for the previous year in accordance with the provisions of sub-section (*4B*) of section 139 on or before the due date under that section.".

Amendment of section 23.

12. In section 23 of the Income-tax Act, after sub-section (*4*), the following sub-section shall be inserted with effect from the 1st day of April, 2018, namely:—

"(*5*) Where the property consisting of any building or land appurtenant thereto is held as stock-in-trade and the property or any part of the property is not let during the whole or any part of the previous year, the annual value of such property or part of the property, for the period up to one year from the end of the financial year in which the certificate of completion of construction of the property is obtained from the competent authority, shall be taken to be *nil*.".

Amendment of section 35AD.

13. In section 35AD of the Income-tax Act, in sub-section (*8*), in clause (*f*), after the words "shall not include", the words "any expenditure in respect of which the payment or aggregate of payments made to a person in a day, otherwise than by an account payee cheque drawn on a bank or an account payee bank draft or use of electronic clearing system through a bank account, exceeds ten thousand rupees or" shall be inserted with effect from the 1st day of April, 2018.

Amendment of section 36.

14. In section 36 of the Income-tax Act, in sub-section (*1*), in clause (*viia*), in sub-clause (*a*), for the words "seven and one-half per cent.", the words "eight and one-half per cent." shall be substituted with effect from the 1st day of April, 2018.

Amendment of section 40A.

15. In section 40A of the Income-tax Act,—

(*a*) in sub-section (*2*), in clause (*a*), in the proviso, after the words "Provided that", the words, figures and letters "for an assessment year commencing on or before the 1st day of April, 2016" shall be inserted;

(*b*) with effect from the 1st day of April, 2018,—

(*A*) in sub-section (*3*), for the words "exceeds twenty thousand rupees", the words "or use of electronic clearing system through a bank account, exceeds ten thousand rupees," shall be substituted;

(*B*) in sub-section (*3A*),—

(*i*) after the words "account payee bank draft,", the words "or use of electronic clearing system through a bank account" shall be inserted;

(*ii*) for the words "twenty thousand rupees", the words "ten thousand rupees" shall be substituted;

(*iii*) in the first proviso, for the words "exceeds twenty thousand rupees", the words "or use of electronic clearing system through a bank account, exceeds ten thousand rupees," shall be substituted;

(*iv*) in the second proviso, for the words "twenty thousand rupees", the words "ten thousand rupees" shall be substituted;

(*C*) in sub-section (*4*),—

(*i*) after the words "account payee bank draft", the words "or use of electronic clearing system through a bank account" shall be inserted;

(*ii*) after the words "such cheque or draft", the words "or electronic clearing system" shall be inserted.

Amendment of section 43.

16. In section 43 of the Income-tax Act, in clause (*1*), with effect from the 1st day of April, 2018,—

(*a*) after the proviso and before *Explanation* 1, the following proviso shall be inserted, namely:—

"Provided further that where the assessee incurs any expenditure for acquisition of any asset or part thereof in respect of which a payment or aggregate of payments made to a person in a day, otherwise than by an account payee cheque drawn on a bank or an account payee bank draft or use of electronic clearing system through a bank account, exceeds ten thousand rupees, such expenditure shall be ignored for the purposes of determination of actual cost.";

(*b*) in *Explanation* 13, the following proviso shall be inserted, namely:—

"Provided that where any capital asset in respect of which deduction or part of deduction allowed under section 35AD is deemed to be the income of the assessee in accordance with the provisions of sub-section (*7B*) of the said section, the actual cost of the asset to the assessee shall be the actual cost to the assessee, as reduced by an amount equal to the amount of depreciation calculated at the rate in force that would have been allowable had the asset been used for the purposes of business since the date of its acquisition.".

Amendment of section 43B.

17. In section 43B of the Income-tax Act, with effect from the 1st day of April, 2018,—

(*i*) in clause (*e*), after the words "scheduled bank", the words "or a co-operative bank other than a primary agricultural credit society or a primary co-operative agricultural and rural development bank" shall be inserted;

(*ii*) in *Explanation* 4, after clause (*c*), the following clause shall be inserted, namely:—

'(*d*) "co-operative bank", "primary agricultural credit society" and "primary co-operative agricultural and rural development bank" shall have the meanings respectively assigned to them in the *Explanation* to sub-section (*4*) of section 80P.'.

Amendment of section 43D.

18. In section 43D of the Income-tax Act, with effect from the 1st day of April, 2018,—

(*i*) in clause (*a*), after the words "scheduled bank or", the words "a co-operative bank other than a primary agricultural credit society or a primary co-operative agricultural and rural development bank or" shall be inserted;

(*ii*) in the long line, after the words "scheduled bank or", the words "a co-operative bank other than a primary agricultural credit society or a primary co-operative agricultural and rural development bank or" shall be inserted;

(*iii*) in the *Explanation*, after clause (*f*), the following clause shall be inserted, namely:—

'(*g*) "co-operative bank", "primary agricultural credit society" and "primary co-operative agricultural and rural development bank" shall have the meanings respectively assigned to them in the *Explanation* to sub-section (*4*) of section 80P.'.

Amendment of section 44AA.

19. In section 44AA of the Income-tax Act, in sub-section (*2*), the following provisos shall be inserted with effect from the 1st day of April, 2018, namely:—

'Provided that in the case of a person being an individual or a Hindu undivided family, the provisions of clause (*i*) and clause (*ii*) shall have effect, as if for the words "one lakh twenty thousand rupees", the words "two lakh fifty thousand rupees" had been substituted:

Provided further that in the case of a person being an individual or a Hindu undivided family, the provisions of clause (*i*) and clause (*ii*) shall have effect, as if for the words "ten lakh rupees", the words "twenty-five lakh rupees" had been substituted.'.

Amendment of section 44AB.

20. In section 44AB of the Income-tax Act,—

(*i*) before the first proviso, the following proviso shall be inserted, namely:—

"Provided that this section shall not apply to the person, who declares profits and gains for the previous year in accordance with the provisions of sub-section (*1*) of section 44AD and his total sales, turnover or gross receipts, as the case may be, in business does not exceed two crore rupees in such previous year:";

(*ii*) in the first proviso, for the words "Provided that", the words "Provided further that" shall be substituted;

(*iii*) in the second proviso, for the words "Provided further", the words "Provided also" shall be substituted.

Amendment of section 44AD.

21. In section 44AD of the Income-tax Act, in sub-section (*1*), the following proviso shall be inserted, namely:—

'Provided that this sub-section shall have effect as if for the words "eight per cent.", the words "six per cent." had been substituted, in respect of the amount of total turnover or gross receipts which is received by an account payee cheque or an account payee bank draft or use of electronic clearing system through a bank account during the previous year or before the due date specified in sub-section (*1*) of section 139 in respect of that previous year.'.

Amendment of section 45.

22. In section 45 of the Income-tax Act, after sub-section (*5*) and the *Explanation* thereto, the following sub-section shall be inserted with effect from the 1st day of April, 2018, namely:—

'(*5A*) Notwithstanding anything contained in sub-section (*1*), where the capital gain arises to an assessee, being an individual or a Hindu undivided family, from the transfer of a capital asset, being land or building or both, under a specified agreement, the capital gains shall be chargeable to income-tax as income of the previous year in

which the certificate of completion for the whole or part of the project is issued by the competent authority; and for the purposes of section 48, the stamp duty value, on the date of issue of the said certificate, of his share, being land or building or both in the project, as increased by the consideration received in cash, if any, shall be deemed to be the full value of the consideration received or accruing as a result of the transfer of the capital asset:

Provided that the provisions of this sub-section shall not apply where the assessee transfers his share in the project on or before the date of issue of said certificate of completion, and the capital gains shall be deemed to be the income of the previous year in which such transfer takes place and the provisions of this Act, other than the provisions of this sub-section, shall apply for the purpose of determination of full value of consideration received or accruing as a result of such transfer.

Explanation.—For the purposes of this sub-section, the expression—

(*i*) "competent authority" means the authority empowered to approve the building plan by or under any law for the time being in force;

(*ii*) "specified agreement" means a registered agreement in which a person owning land or building or both, agrees to allow another person to develop a real estate project on such land or building or both, in consideration of a share, being land or building or both in such project, whether with or without payment of part of the consideration in cash;

(*iii*) "stamp duty value" means the value adopted or assessed or assessable by any authority of Government for the purpose of payment of stamp duty in respect of an immovable property being land or building or both.'.

Amendment of section 47.

23. In section 47 of the Income-tax Act, with effect from the 1st day of April, 2018,—

(*a*) after clause (*viia*), the following clause shall be inserted, namely:—

"(*viiaa*) any transfer, made outside India, of a capital asset being rupee denominated bond of an Indian company issued outside India, by a non-resident to another non-resident;";

(*b*) after clause (*xa*), the following clause shall be inserted, namely:—

"(*xb*) any transfer by way of conversion of preference shares of a company into equity shares of that company;".

Amendment of section 48.

24. In section 48 of the Income-tax Act, with effect from the 1st day of April, 2018,—

(*a*) in the fifth proviso, for the word "subscribed", the word "held" shall be substituted;

(*b*) in the *Explanation*, in clause (*iii*), for the figures, letters and words "1st day of April, 1981", the figures, letters and words "1st day of April, 2001" shall be substituted.

Amendment of section 49.

25. In section 49 of the Income-tax Act,—

(*a*) in sub-section (*1*), in clause (*iii*), in sub-clause (*e*), after the word, brackets, figures and letter "clause (*vib*)", the words, brackets, figures and letter "or clause (*vic*)" shall be inserted with effect from the 1st day of April, 2018;

(*b*) after sub-section (*2AD*), the following sub-section shall be inserted with effect from the 1st day of April, 2018, namely:—

"(*2AE*) Where the capital asset, being equity share of a company, became the property of the assessee in consideration of a transfer referred to in clause (*xb*) of section 47, the cost of acquisition of the asset shall be deemed to be that part of the cost of the preference share in relation to which such asset is acquired by the assessee.";

(*c*) after sub-section (*2AE*) as so inserted, the following sub-section shall be inserted, namely:—

"(*2AF*) Where the capital asset, being a unit or units in a consolidated plan of a mutual fund scheme, became the property of the assessee in consideration of a transfer referred to in clause (*xix*) of section 47, the cost of acquisition of the asset shall be deemed to be the cost of acquisition to him of the unit or units in the consolidating plan of the scheme of the mutual fund.";

(*d*) in sub-section (*4*), after the words, brackets, figures and letter "or clause (*viia*)" at both the places where they occur, the words, brackets and figure "or clause (*x*)" shall be inserted;

28 of 2016.

(*e*) after sub-section (*5*) [as inserted by section 30 of the Finance Act, 2016], the following sub-sections shall be inserted with effect from the 1st day of April, 2018, namely:—

'(*6*) Where the capital gain arises from the transfer of a specified capital asset referred to in clause (*c*) of the *Explanation* to clause (*37A*) of section 10, which has been transferred after the expiry of two years from the end of the financial year in which the possession of such asset was handed over to the assessee, the cost of acquisition of such specified capital asset shall be deemed to be its stamp duty value as on the last day of the second financial year after the end of the financial year in which the possession of the said specified capital asset was handed over to the assessee.

Explanation.—For the purposes of this sub-section, "stamp duty value" means the value adopted or assessed or assessable by any authority of the State Government for the purpose of payment of stamp duty in respect of an immovable property.

(*7*) Where the capital gain arises from the transfer of a capital asset, being share in the project, in the form of land or building or both, referred to in sub-section (*5A*) of section 45, not being the capital asset referred to in the proviso to the said sub-section, the cost of acquisition of such asset, shall be the amount which is deemed as full value of consideration in that sub-section.';

(*f*) after sub-section (*7*) as so inserted, the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 2016, namely:–

"(*8*) Where the capital gain arises from the transfer of an asset, being the asset held by a trust or an institution in respect of which accreted income has been computed and the tax has been paid thereon in accordance with the provisions of Chapter XII-EB, the cost of acquisition of such asset shall be deemed to be the fair market value of the asset which has been taken into account for computation of accreted income as on the specified date referred to in sub-section (*2*) of section 115TD.".

Insertion of new section 50CA.

26. After section 50C of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2018, namely:—

Special provision for full value of consideration for transfer of share other than quoted share.

'50CA. Where the consideration received or accruing as a result of the transfer by an assessee of a capital asset, being share of a company other than a quoted share, is less than the fair market value of such share determined in such manner as may be prescribed, the value so determined shall, for the purposes of section 48, be deemed to be the full value of consideration received or accruing as a result of such transfer.

Explanation.—For the purposes of this section, "quoted share" means the share quoted on any recognised stock exchange with regularity from time to time, where the quotation of such share is based on current transaction made in the ordinary course of business.'.

Amendment of section 54EC.

27. In section 54EC of the Income-tax Act, in sub-section (*3*), in the *Explanation*, in clause (*ba*), for the words and figures "the Companies Act, 1956" occurring at the end, the words and figures "the Companies Act, 1956; or any other bond notified by the Central Government in this behalf" shall be substituted with effect from the 1st day of April, 2018. 1 of 1956.

Amendment of section 55.

28. In section 55 of the Income-tax Act, with effect from the 1st day of April, 2018,—

(*A*) in sub-section (*1*), in clause (*b*), in sub-clause (*2*), in item (*i*), for the figures, letters and words "1st day of April, 1981", the figures, letters and words "1st day of April, 2001" shall be substituted;

(*B*) in sub-section (*2*), in clause (*b*), for the figures, letters and words "1st day of April, 1981" wherever they occur, the figures, letters and words "1st day of April, 2001" shall be substituted.

Amendment of section 56.

29. In section 56 of the Income-tax Act, in sub-section (*2*),—

(*I*) in clause (*vii*), after the figures, letters and words "1st day of October, 2009", the words, figures and letters "but before the 1st day of April, 2017" shall be inserted;

(*II*) in clause (*viia*), after the figures, letters and words "1st day of June, 2010", the words, figures and letters "but before the 1st day of April, 2017" shall be inserted;

(*III*) after clause (*ix*), the following clause shall be inserted, namely:—

'(*x*) where any person receives, in any previous year, from any person or persons on or after the 1st day of April, 2017,—

(*a*) any sum of money, without consideration, the aggregate value of which exceeds fifty thousand rupees, the whole of the aggregate value of such sum;

(*b*) any immovable property,—

(*A*) without consideration, the stamp duty value of which exceeds fifty thousand rupees, the stamp duty value of such property;

(*B*) for a consideration which is less than the stamp duty value of the property by an amount exceeding fifty thousand rupees, the stamp duty value of such property as exceeds such consideration:

Provided that where the date of agreement fixing the amount of consideration for the transfer of immovable property and the date of registration are not the same, the stamp duty value on the date of agreement may be taken for the purposes of this sub-clause:

Provided further that the provisions of the first proviso shall apply only in a case where the amount of consideration referred to therein, or a part thereof, has been paid by way of an account payee cheque or an account payee bank draft or by use of electronic clearing system through a bank account, on or before the date of agreement for transfer of such immovable property:

Provided also that where the stamp duty value of immovable property is disputed by the assessee on grounds mentioned in sub-section (*2*) of section 50C, the Assessing Officer may refer the valuation of such property to a Valuation Officer, and the provisions of section 50C and sub-section (*15*) of section 155 shall, as far as may be, apply in relation to the stamp duty value of such property for the purpose of this sub-clause as they apply for valuation of capital asset under those sections;

(*c*) any property, other than immovable property,—

(*A*) without consideration, the aggregate fair market value of which exceeds fifty thousand rupees, the whole of the aggregate fair market value of such property;

(*B*) for a consideration which is less than the aggregate fair market value of the property by an amount exceeding fifty thousand rupees, the aggregate fair market value of such property as exceeds such consideration:

Provided that this clause shall not apply to any sum of money or any property received—

(*I*) from any relative; or

(*II*) on the occasion of the marriage of the individual; or

(*III*) under a will or by way of inheritance; or

(*IV*) in contemplation of death of the payer or donor, as the case may be; or

(*V*) from any local authority as defined in the *Explanation* to clause (*20*) of section 10; or

(*VI*) from any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution referred to in clause (*23C*) of section 10; or

(*VII*) from or by any trust or institution registered under section 12AA; or

(*VIII*) by any fund or trust or institution or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (*iv*) or sub-clause (*v*) or sub-clause (*vi*) or sub-clause (*via*) of clause (*23C*) of section 10; or

(*IX*) by way of transaction not regarded as transfer under clause (*i*) or clause (*vi*) or clause (*via*) or clause (*viaa*) or clause (*vib*) or clause (*vic*) or clause (*vica*) or clause (*vicb*) or clause (*vid*) or clause (*vii*) of section 47.

Explanation.— For the purposes of this clause, the expressions "assessable", "fair market value", "jewellery", "property", "relative" and "stamp duty value" shall have the same meanings respectively assigned to them in the *Explanation* to clause (*vii*).'.

Amendment of section 58.

30. In section 58 of the Income-tax Act, in sub-section (*1A*), for the word, brackets, figures and letter "sub-clause (*iia*)", the words, brackets, figures and letters "sub-clauses (*ia*) and (*iia*)" shall be substituted with effect from the 1st day of April, 2018.

Amendment of section 71.

31. In section 71 of the Income-tax Act, after sub-section (*3*), the following sub-section shall be inserted with effect from the 1st day of April, 2018, namely:—

'(*3A*) Notwithstanding anything contained in sub-section (*1*) or sub-section (*2*), where in respect of any assessment year, the net result of the computation under the head "Income from house property" is a loss and the assessee has income assessable under any other head of income, the assessee shall not be entitled to set off such loss, to the extent the amount of the loss exceeds two lakh rupees, against income under the other head.'.

Substitution of new section for section 79.

32. For section 79 of the Income-tax Act, the following section shall be substituted with effect from the 1st day of April, 2018, namely:—

Carry forward and set off of losses in case of certain companies.

"79. Notwithstanding anything contained in this Chapter, where a change in shareholding has taken place in a previous year,—

(*a*) in the case of a company not being a company in which the public are substantially interested and other than a company referred to in clause (*b*), no loss incurred in any year prior to the previous year shall be carried forward and set off against the income of the previous year, unless on the last day of the previous year, the shares of the company carrying not less than fifty-one per cent. of the voting power were beneficially held by persons who beneficially held shares of the company carrying not less than fifty-one per cent. of the voting power on the last day of the year or years in which the loss was incurred;

(*b*) in the case of a company, not being a company in which the public are substantially interested but being an eligible start-up as referred to in section 80-IAC, the loss incurred in any year prior to the previous year shall be carried forward and set off against the income of the previous year, if, all the shareholders of such company who held shares carrying voting power on the last day of the year or years in which the loss was incurred,—

(*i*) continue to hold those shares on the last day of such previous year; and

(*ii*) such loss has been incurred during the period of seven years beginning from the year in which such company is incorporated:

Provided that nothing contained in this section shall apply to a case where a change in the said voting power and shareholding takes place in a previous year consequent upon the death of a shareholder or on account of transfer of shares by way of gift to any relative of the shareholder making such gift:

Provided further that nothing contained in this section shall apply to any change in the shareholding of an Indian company which is a subsidiary of a foreign company as a result of amalgamation or demerger of a foreign company subject to the condition that fifty-one per cent. shareholders of the amalgamating or demerged foreign company continue to be the shareholders of the amalgamated or the resulting foreign company.".

Amendment of section 80CCD.

33. In section 80CCD of the Income-tax Act, in sub-section (*1*), in clause (*b*), for the words "ten per cent.", the words "twenty per cent." shall be substituted with effect from the 1st day of April, 2018.

Amendment of section 80CCG.

34. In section 80CCG of the Income-tax Act, after sub-section (*4*), the following sub-section shall be inserted with effect from the 1st day of April, 2018, namely:—

"(*5*) Notwithstanding anything contained in sub-sections (*1*) to (*4*), no deduction under this section shall be allowed in respect of any assessment year commencing on or after the 1st day of April, 2018:

Provided that an assessee, who has acquired listed equity shares or listed units of an equity oriented fund in accordance with the scheme referred to in sub-section (*1*) and claimed deduction under this section for any assessment year commencing on or before the 1st day of April, 2017, shall be allowed deduction under this section till the assessment year commencing on the 1st day of April, 2019, if he is otherwise eligible to claim the deduction in accordance with the other provisions of this section.".

Amendment of section 80G.

35. In section 80G of the Income-tax Act, in sub-section (*5D*), for the words "ten thousand rupees", the words "two thousand rupees" shall be substituted with effect from the 1st day of April, 2018.

Amendment of section 80-IAC.

36. In section 80-IAC of the Income-tax Act [as inserted by section 42 of the Finance Act, 2016], in sub-section (*2*), for the words "five years", the words "seven years" shall be substituted with effect from the 1st day of April, 2018.

28 of 2016.

Amendment of section 80-IBA.

37. In section 80-IBA of the Income-tax Act [as inserted by section 44 of the Finance Act, 2016], with effect from the 1st day of April, 2018,—

28 of 2016.

(*a*) in sub-section (*2*),—

(*i*) in clause (*b*), for the words "three years", the words "five years" shall be substituted;

(*ii*) in clauses (*c*) and (*f*), for the expression "built-up area" wherever they occur, the words "carpet area" shall be substituted;

(*iii*) the words "or within the distance, measured aerially, of twenty-five kilometres from the municipal limits of these cities" wherever they occur shall be omitted;

(*b*) in sub-section (*6*), for clause (*a*), the following clause shall be substituted, namely:—

'(*a*) "carpet area" shall have the same meaning as assigned to it in clause (*k*) of section 2 of the Real Estate (Regulation and Development) Act, 2016.'.

16 of 2016.

Amendment of section 87A.

38. In section 87A of the Income-tax Act, with effect from the 1st day of April, 2018,—

(*a*) for the words "five hundred thousand rupees", the words "three hundred fifty thousand rupees" shall be substituted;

(*b*) for the words "five thousand rupees" [as substituted by section 46 of the Finance Act, 2016], the words "two thousand five hundred rupees" shall be substituted.

28 of 2016.

Amendment of section 90.

39. In section 90 of the Income-tax Act, after *Explanation* 3, the following *Explanation* shall be inserted with effect from the 1st day of April, 2018, namely:—

"*Explanation* 4.—For the removal of doubts, it is hereby declared that where any term used in an agreement entered into under sub-section (*1*) is defined under the said agreement, the said term shall have the same meaning as assigned to it in the agreement; and where the term is not defined in the said agreement, but defined in the Act, it shall have the same meaning as assigned to it in the Act and any explanation given to it by the Central Government.".

Amendment of section 90A.

40. In section 90A of the Income-tax Act, after *Explanation* 3, the following *Explanation* shall be inserted with effect from the 1st day of April, 2018, namely:—

"*Explanation* 4.—For the removal of doubts, it is hereby declared that where any term used in an agreement entered into under sub-section (*1*) is defined under the said agreement, the said term shall have the same meaning as assigned to it in the agreement; and where the term is not defined in the said agreement, but defined in the Act, it shall have the same meaning as assigned to it in the Act and any explanation given to it by the Central Government.".

Amendment of section 92BA.

41. In section 92BA of the Income-tax Act, clause (*i*) shall be omitted.

Insertion of new section 92CE. Secondary adjustment in certain cases.

42. After section 92CD of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2018, namely:—

'92CE. (*1*) Where a primary adjustment to transfer price,—

(*i*) has been made *suo motu* by the assessee in his return of income;

(*ii*) made by the Assessing Officer has been accepted by the assessee;

(*iii*) is determined by an advance pricing agreement entered into by the assessee under section 92CC;

(*iv*) is made as per the safe harbour rules framed under section 92CB; or

(*v*) is arising as a result of resolution of an assessment by way of the mutual agreement procedure under an agreement entered into under section 90 or section 90A for avoidance of double taxation,

the assessee shall make a secondary adjustment:

Provided that nothing contained in this section shall apply, if,—

(*i*) the amount of primary adjustment made in any previous year does not exceed one crore rupees; and

(*ii*) the primary adjustment is made in respect of an assessment year commencing on or before the 1st day of April, 2016.

(*2*) Where, as a result of primary adjustment to the transfer price, there is an increase in the total income or reduction in the loss, as the case may be, of the assessee, the excess money which is available with its associated enterprise, if not repatriated to India within the time as may be prescribed, shall be deemed to be an advance made by the assessee to such associated enterprise and the interest on such advance, shall be computed in such manner as may be prescribed.

(*3*) For the purposes of this section,—

(*i*) "associated enterprise" shall have the meaning assigned to it in sub-section (*1*) and sub-section (*2*) of section 92A;

(*ii*) "arm's length price" shall have the meaning assigned to it in clause (*ii*) of section 92F;

(*iii*) "excess money" means the difference between the arm's length price determined in primary adjustment and the price at which the international transaction has actually been undertaken;

(*iv*) "primary adjustment" to a transfer price means the determination of transfer price in accordance with the arm's length principle resulting in an increase in the total income or reduction in the loss, as the case may be, of the assessee;

(*v*) "secondary adjustment" means an adjustment in the books of account of the assessee and its associated enterprise to reflect that the actual allocation of profits between the assessee and its associated enterprise are consistent with the transfer price determined as a result of primary adjustment, thereby removing the imbalance between cash account and actual profit of the assessee.'.

Insertion of new section 94B.

43. After section 94A of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2018, namely:—

Limitation on interest deduction in certain cases.

'94B. (*1*) Notwithstanding anything contained in this Act, where an Indian company, or a permanent establishment of a foreign company in India, being the borrower, pays interest or similar consideration exceeding one crore rupees which is deductible in computing income chargeable under the head "Profits and gains of business or profession" in respect of any debt issued by a non-resident, being an associated enterprise of such borrower, the interest shall not be deductible in computation of income under the said head to the extent that it arises from excess interest, as specified in sub-section (*2*):

Provided that where the debt is issued by a lender which is not associated but an associated enterprise either provides an implicit or explicit guarantee to such lender or

deposits a corresponding and matching amount of funds with the lender, such debt shall be deemed to have been issued by an associated enterprise.

(*2*) For the purposes of sub-section (*1*), the excess interest shall mean an amount of total interest paid or payable in excess of thirty per cent. of earnings before interest, taxes, depreciation and amortisation of the borrower in the previous year or interest paid or payable to associated enterprises for that previous year, whichever is less.

(*3*) Nothing contained in sub-section (*1*) shall apply to an Indian company or a permanent establishment of a foreign company which is engaged in the business of banking or insurance.

(*4*) Where for any assessment year, the interest expenditure is not wholly deducted against income under the head "Profits and gains of business or profession", so much of the interest expenditure as has not been so deducted, shall be carried forward to the following assessment year or assessment years, and it shall be allowed as a deduction against the profits and gains, if any, of any business or profession carried on by it and assessable for that assessment year to the extent of maximum allowable interest expenditure in accordance with sub-section (*2*):

Provided that no interest expenditure shall be carried forward under this sub-section for more than eight assessment years immediately succeeding the assessment year for which the excess interest expenditure was first computed.

(*5*) For the purposes of this section, the expressions—

(*i*) "associated enterprise" shall have the meaning assigned to it in sub-section (*1*) and sub-section (*2*) of section 92A;

(*ii*) "debt" means any loan, financial instrument, finance lease, financial derivative, or any arrangement that gives rise to interest, discounts or other finance charges that are deductible in the computation of income chargeable under the head "Profits and gains of business or profession";

(*iii*) "permanent establishment" includes a fixed place of business through which the business of the enterprise is wholly or partly carried on.'.

Amendment of section 115BBDA.

44. In section 115BBDA of the Income-tax Act [as inserted by section 52 of the Finance Act, 2016], with effect from the 1st day of April, 2018,— 28 of 2016.

(*i*) in sub-section (*1*), for the words "an assessee, being an individual, a Hindu undivided family or a firm", the words "a specified assessee" shall be substituted;

(*ii*) for sub-section (*3*), the following *Explanation* shall be substituted, namely:—

'*Explanation*.—For the purposes of this section,—

(*a*) "dividend" shall have the meaning assigned to it in clause (*22*) of section 2 but shall not include sub-clause (*e*) thereof;

(*b*) "specified assessee" means a person other than,—

(*i*) a domestic company; or

(*ii*) a fund or institution or trust or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (*iv*) or sub-clause (*v*) or sub-clause (*vi*) or sub-clause (*via*) of clause (*23C*) of section 10; or

(*iii*) a trust or institution registered under section 12AA.'.

Insertion of new section 115BBF.

45. After section 115BBF of the Income-tax Act [as inserted by section 54 of the Finance Act, 2016], the following section shall be inserted with effect from the 1st day of April, 2018, namely:— 28 of 2016.

Tax on income from transfer of carbon credits.

'115 BBG. (*1*) Where the total income of an assessee includes any income by way of transfer of carbon credits, the income-tax payable shall be the aggregate of—

(*a*) the amount of income-tax calculated on the income by way of transfer of carbon credits, at the rate of ten per cent.; and

(*b*) the amount of income-tax with which the assessee would have been chargeable had his total income been reduced by the amount of income referred to in clause (*a*).

(*2*) Notwithstanding anything contained in this Act, no deduction in respect of any expenditure or allowance shall be allowed to the assessee under any provision of this Act in computing his income referred to in clause (*a*) of sub-section (*1*).

Explanation.—For the purposes of this section "carbon credit" in respect of one unit shall mean reduction of one tonne of carbon dioxide emissions or emissions of its equivalent gases which is validated by the United Nations Framework on Climate Change and which can be traded in market at its prevailing market price.'.

Amendment of section 115JAA.

46. In section 115JAA of the Income-tax Act, with effect from the 1st day of April, 2018,—

(*a*) in sub-section (*2A*), after the proviso, the following proviso shall be inserted, namely:—

"Provided further that where the amount of tax credit in respect of any income-tax paid in any country or specified territory outside India, under section 90 or section 90A or section 91, allowed against the tax payable under the provisions of sub-section (*1*) of section 115JB exceeds the amount of such tax credit admissible against the tax payable by the assessee on its income in accordance with the other provisions of this Act, then, while computing the amount of credit under this sub-section, such excess amount shall be ignored.";

(*b*) in sub-section (*3A*), for the words "tenth assessment year", the words "fifteenth assessment year" shall be substituted.

Amendment of section 115JB.

47. In section 115JB of the Income-tax Act,—

(*i*) in sub-section (*2*),—

(*a*) for the words "profit and loss account" wherever they occur, the words "statement of profit and loss" shall be substituted;

(*b*) for the words and figures "the Companies Act, 1956" wherever they occur, the words and figures "the Companies Act, 2013" shall be substituted; 1 of 1956. 18 of 2013.

(*c*) in clause (*a*), for the words and figures "Part II of Schedule VI", the word and figures "Schedule III" shall be substituted;

(*d*) in clause (*b*), for the words, brackets and figures "proviso to sub-section (*2*) of section 211", the words, brackets and figures "second proviso to sub-section (*1*) of section 129" shall be substituted;

(*e*) in the first proviso, for the word and figures "section 210", the word and figures "section 129" shall be substituted;

(*ii*) after sub-section (*2*), the following sub-sections shall be inserted, namely:—

'(*2A*) For a company whose financial statements are drawn up in compliance to the Indian Accounting Standards specified in Annexure to the Companies (Indian Accounting Standards) Rules, 2015, the book profit as computed in accordance with *Explanation* 1 to sub-section (*2*) shall be further—

(*a*) increased by all amounts credited to other comprehensive income in the statement of profit and loss under the head "Items that will not be re-classified to profit or loss";

(*b*) decreased by all amounts debited to other comprehensive income in the statement of profit and loss under the head "Items that will not be re-classified to profit or loss";

(*c*) increased by amounts or aggregate of the amounts debited to the statement of profit and loss on distribution of non-cash assets to shareholders in a demerger in accordance with Appendix A of the Indian Accounting Standards 10;

(*d*) decreased by all amounts or aggregate of the amounts credited to the statement of profit and loss on distribution of non-cash assets to shareholders in a demerger in accordance with Appendix A of the Indian Accounting Standards 10:

Provided that nothing contained in clause (*a*) or clause (*b*) shall apply to the amount credited or debited to other comprehensive income under the head "Items that will not be re-classified to profit or loss" in respect of—

(*i*) revaluation surplus for assets in accordance with the Indian Accounting Standards 16 and Indian Accounting Standards 38; or

(*ii*) gains or losses from investments in equity instruments designated at fair value through other comprehensive income in accordance with the Indian Accounting Standards 109:

Provided further that the book profit of the previous year in which the asset or investment referred to in the first proviso is retired, disposed, realised or otherwise transferred shall be increased or decreased, as the case may be, by the amount or the aggregate of the amounts referred to in the first proviso for the previous year or any of the preceding previous years and relatable to such asset or investment.

(*2B*) In the case of a resulting company, where the property and the liabilities of the undertaking or undertakings being received by it are recorded at values different from values appearing in the books of account of the demerged company immediately before the demerger, any change in such value shall be ignored for the purpose of computation of book profit of the resulting company under this section.

(*2C*) For a company referred to in sub-section (*2A*), the book profit of the year of convergence and each of the following four previous years, shall be further increased or decreased, as the case may be, by one-fifth of the transition amount:

Provided that the book profit of the previous year in which the asset or investment referred to in sub-clauses (*B*) to (*E*) of clause (*iii*) of the *Explanation* is retired, disposed, realised or otherwise transferred, shall be increased or decreased, as the case may be, by the amount or the aggregate of the amounts referred to in the said sub-clause relatable to such asset or investment:

Provided further that the book profit of the previous year in which the foreign operation referred to in sub-clause (*F*) of clause (*iii*) of the *Explanation* is disposed or otherwise transferred, shall be increased or decreased, as the case may be, by the amount or the aggregate of the amounts referred to in the said sub-clause relatable to such foreign operations.

Explanation.—For the purposes of this sub-section, the expression—

(*i*) "year of convergence" means the previous year within which the convergence date falls;

(*ii*) "convergence date" means the first day of the first Indian Accounting Standards reporting period as defined in the Indian Accounting Standards 101;

(*iii*) "transition amount" means the amount or the aggregate of the amounts adjusted in the other equity (excluding equity component of compound financial instruments, capital reserve, and securities premium reserve) on the convergence date but not including the following,—

(*A*) amount or aggregate of the amounts adjusted in the other comprehensive income on the convergence date which shall be subsequently re-classified to the profit or loss;

(*B*) revaluation surplus for assets in accordance with the Indian Accounting Standards 16 and Indian Accounting Standards 38 adjusted on the convergence date;

(*C*) gains or losses from investments in equity instruments designated at fair value through other comprehensive income in accordance with the Indian Accounting Standards 109 adjusted on the convergence date;

(*D*) adjustments relating to items of property, plant and equipment and intangible assets recorded at fair value as deemed cost in accordance with paragraphs D5 and D7 of the Indian Accounting Standards 101 on the convergence date;

(*E*) adjustments relating to investments in subsidiaries, joint ventures and associates recorded at fair value as deemed cost in accordance with paragraph D15 of the Indian Accounting Standards 101 on the convergence date; and

(*F*) adjustments relating to cumulative translation differences of a foreign operation in accordance with paragraph D13 of the Indian Accounting Standards 101 on the convergence date.';

(*iii*) in *Explanation* 1,—

(*a*) for the words "net profit", the word "profit" shall be substituted;

(*b*) for the words "profit and loss account" wherever they occur, the words "statement of profit and loss" shall be substituted;

(*c*) in clause (*k*) for the words "profit or loss account", the words "statement of profit and loss" shall be substituted;

(*iv*) in *Explanation* 3,—

(*a*) for the words, brackets and figures "proviso to sub-section (*2*) of section 211 of the Companies Act, 1956", the words, brackets and figures "second proviso to sub-section (*1*) of section 129 of the Companies Act, 1956 of 1956. 2013" shall be substituted; 18 of 2013.

(*b*) for the words "profit and loss account", the words "statement of profit and loss" shall be substituted;

(*c*) for the words and figures "Part II and Part III of Schedule VI to the Companies Act, 1956", the words and figures "Schedule III to the Companies Act, 2013" shall be substituted. 1 of 1956. 18 of 2013.

Amendment of section 115JD.

48. In section 115JD of the Income-tax Act, with effect from the 1st day of April, 2018,—

(*a*) in sub-section (*2*), the following proviso shall be inserted, namely:—

"Provided that where the amount of tax credit in respect of any income-

tax paid in any country or specified territory outside India, under section 90 or section 90A or section 91, allowed against the alternate minimum tax payable exceeds the amount of the tax credit admissible against the regular income-tax payable by the assessee, then, while computing the amount of credit under this sub-section, such excess amount shall be ignored.";

(*b*) in sub-section (*4*), for the words "tenth assessment year", the words "fifteenth assessment year" shall be substituted.

Amendment of section 119.

49. In section 119 of the Income-tax Act, in sub-section (*2*), in clause (*a*), after the figures "271", the figures and letters ",271C, 271CA" shall be inserted.

Amendment of section 132.

50. In section 132 of the Income-tax Act,—

(*i*) in sub-section (*1*), after the fourth proviso, the following *Explanation* shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1962, namely:—

"*Explanation*.—For the removal of doubts, it is hereby declared that the reason to believe, as recorded by the income-tax authority under this sub-section, shall not be disclosed to any person or any authority or the Appellate Tribunal.";

(*ii*) in sub-section (*1A*), the following *Explanation* shall be inserted and shall be deemed to have been inserted with effect from the 1st day of October, 1975, namely:—

"*Explanation*.—For the removal of doubts, it is hereby declared that the reason to suspect, as recorded by the income-tax authority under this sub-section, shall not be disclosed to any person or any authority or the Appellate Tribunal.";

(*iii*) after sub-section (*9A*), the following sub-sections shall be inserted, namely:—

"(*9B*) Where, during the course of the search or seizure or within a period of sixty days from the date on which the last of the authorisations for search was executed, the authorised officer, for reasons to be recorded in writing, is satisfied that for the purpose of protecting the interest of revenue, it is necessary so to do, he may with the previous approval of the Principal Director General or Director General or the Principal Director or Director, by order in writing, attach provisionally any property belonging to the assessee, and for the said purpose the provisions of the Second Schedule shall, *mutatis mutandis,* apply.

(*9C*) Every provisional attachment made under sub-section (*9B*) shall cease to have effect after the expiry of a period of six months from the date of the order referred to in sub-section (*9B*).

(*9D*) The authorised officer may, during the course of the search or seizure or within a period of sixty days from the date on which the last of the authorisations for search was executed, make a reference to a Valuation Officer referred to in section 142A, who shall estimate the fair market value of the property in the manner provided under that section and submit a report of the estimate to the said officer within a period of sixty days from the date of receipt of such reference.";

(*iv*) for *Explanation* 1, the following *Explanation* shall be substituted, namely:—

'*Explanation* 1.—For the purposes of sub-sections (*9A*), (*9B*) and (*9D*), with respect to "execution of an authorisation for search", the provisions of sub-section (*2*) of section 153B shall apply.'.

Amendment of section 132A.

51. In section 132A of the Income-tax Act, in sub-section (*1*), the following *Explanation* shall be inserted and shall be deemed to have been inserted with effect from the 1st day of October, 1975, namely:—

"*Explanation*.—For the removal of doubts, it is hereby declared that the reason to believe, as recorded by the income-tax authority under this sub-section, shall not be disclosed to any person or any authority or the Appellate Tribunal.".

Amendment of section 133.

52. In section 133 of the Income-tax Act,—

(*i*) in the first proviso, for the words "and the Principal Commissioner or Commissioner", the words "or the Principal Commissioner or Commissioner or the Joint Director or Deputy Director or Assistant Director" shall be substituted;

(*ii*) in the second proviso, after the words "Director or Principal Commissioner or Commissioner", the words ", other than the Joint Director or Deputy Director or Assistant Director," shall be inserted.

Amendment of section 133A.

53. In section 133A of the Income-tax Act, in sub-section (*1*),—

(*i*) in the long line, for the portion beginning with "at which a business or profession" and ending with "such business or profession—", the following shall be substituted, namely:—

"at which a business or profession or an activity for charitable purpose is carried on, whether such place be the principal place or not of such business or profession or of such activity for charitable purpose, and require any proprietor, trustee, employee or any other person who may at that time and place be attending in any manner to, or helping in, the carrying on of such business or profession or such activity for charitable purpose—";

(*ii*) in the *Explanation*, after the words "business or profession" wherever they occur, the words "or activity for charitable purpose" shall be inserted.

Amendment of section 133C.

54. In section 133C of the Income-tax Act, after sub-section (*2*) and before the *Explanation*, the following sub-section shall be inserted, namely:—

"(*3*) The Board may make a scheme for centralised issuance of notice and for processing of information or documents and making available the outcome of the processing to the Assessing Officer.".

Amendment of section 139.

55. In section 139 of the Income-tax Act, with effect from the 1st day of April, 2018,—

(*i*) in sub-section (*4C*),—

(*I*) after clause (*c*), the following clause shall be inserted, namely:—

"(*ca*) person referred to in clause (*23AAA*) of section 10;";

(*II*) after clause (*eb*), the following clauses shall be inserted, namely:—

"(*eba*) Investor Protection Fund referred to in clause (*23EC*) or clause (*23ED*) of section 10;

(*ebb*) Core Settlement Guarantee Fund referred to in clause (*23EE*) of section 10;";

(*III*) after clause (*f*), the following clause shall be inserted, namely:—

"(*fa*) Board or Authority referred to in clause (*29A*) of section 10;";

(*IV*) in the long line occurring after clause (*h*), after the words "association or institution,", the words "person or" shall be inserted;

(*ii*) in sub-section (*5*) [as substituted by section 67 of the Finance Act, 2016], the words "the expiry of one year from" shall be omitted. 28 of 2016.

Amendment of section 140A.

56. In section 140A of the Income-tax Act, with effect from the 1st day of April, 2018,—

(*i*) in sub-section (*1*),—

(*a*) in the long line,—

(*A*) after the words "together with interest", the words "and fee" shall be inserted;

(*B*) for the words "and interest", the words, ", interest and fee" shall be substituted;

(*b*) in the *Explanation*, for the words "and interest as aforesaid, the amount so paid shall first be adjusted towards", the words ", interest and fee as aforesaid, the amount so paid shall first be adjusted towards the fee payable and thereafter towards" shall be substituted;

(*ii*) in sub-section (*3*), for the words "or interest or both" at both the places where they occur , the words ",interest or fee" shall be substituted.

Amendment of section 143.

57. In section 143 of the Income-tax Act,—

(*a*) in sub-section (*1*), with effect from the 1st day of April, 2018,—

(*i*) in clause (*b*), for the words "and interest", the words ", interest and fee" shall be substituted;

(*ii*) in clause (*c*),—

(*A*) for the words "and interest", the words ", interest and fee" shall be substituted;

(*B*) for the words "or interest", the words ", interest or fee" shall be substituted;

(*iii*) in the first proviso, for the words "or interest", the words ", interest or fee" shall be substituted;

28 of 2016.

(*b*) for sub-section (*1D*) [as substituted by section 68 of the Finance Act, 2016], the following shall be substituted, namely:—

"(*1D*) Notwithstanding anything contained in sub-section (*1*), the processing of a return shall not be necessary, where a notice has been issued to the assessee under sub-section (*2*):

Provided that the provisions of this sub-section shall not apply to any return furnished for the assessment year commencing on or after the 1st day of April, 2017.".

Amendment of section 153.

58. In section 153 of the Income-tax Act,—

(*i*) in sub-section (*1*), the following provisos shall be inserted, namely:—

'Provided that in respect of an order of assessment relating to the assessment year commencing on the 1st day of April, 2018, the provisions of this sub-section shall have effect, as if for the words "twenty-one months", the words "eighteen months" had been substituted:

Provided further that in respect of an order of assessment relating to the assessment year commencing on or after the 1st day of April, 2019, the provisions of this sub-section shall have effect, as if for the words "twenty-one months", the words "twelve months" had been substituted.';

(*ii*) in sub-section (*2*), the following proviso shall be inserted, namely:—

'Provided that where the notice under section 148 is served on or after the 1st day of April, 2019, the provisions of this sub-section shall have effect, as if for the words "nine months", the words "twelve months" had been substituted.';

(*iii*) in sub-section (*3*), the following proviso shall be inserted, namely:—

'Provided that where the order under section 254 is received by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner

or Commissioner or, as the case may be, the order under section 263 or section 264 is passed by the Principal Commissioner or Commissioner on or after the 1st day of April, 2019, the provisions of this sub-section shall have effect, as if for the words "nine months", the words "twelve months" had been substituted.';

(*iv*) in sub-section (*5*), after the proviso, the following proviso shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 2016, namely:—

"Provided further that where an order under section 250 or section 254 or section 260 or section 262 or section 263 or section 264 requires verification of any issue by way of submission of any document by the assessee or any other person or where an opportunity of being heard is to be provided to the assessee, the order giving effect to the said order under section 250 or section 254 or section 260 or section 262 or section 263 or section 264 shall be made within the time specified in sub-section (*3*).";

(*v*) in sub-section (*9*), the following proviso shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 2016, namely:—

"Provided that where a notice under sub-section (*1*) of section 142 or sub-section (*2*) of section 143 or section 148 has been issued prior to the 1st day of June, 2016 and the assessment or reassessment has not been completed by such date due to exclusion of time referred to in *Explanation* 1, such assessment or reassessment shall be completed in accordance with the provisions of this section as it stood immediately before its substitution by the Finance Act, 2016."; 28 of 2016.

(*vi*) in *Explanation* 1, in the third proviso, the figures and letter "153B," shall be omitted.

Amendment of Section 153A.

59. In section 153A of the Income-tax Act, in sub-section (*1*),—

(*i*) in clause (*a*), first proviso and the second proviso, after the words "six assessment years" wherever they occur, the words "and for the relevant assessment year or years" shall be inserted;

(*ii*) in clause (*b*), after the words "requisition is made", the words "and of the relevant assessment year or years" shall be inserted;

(*iii*) in the third proviso, after the words "requisition is made", the words "and for the relevant assessment year or years" shall be inserted;

(*iv*) after the third proviso, the following shall be inserted, namely:—

'Provided also that no notice for assessment or reassessment shall be issued by the Assessing Officer for the relevant assessment year or years unless—

(*a*) the Assessing Officer has in his possession books of account or other documents or evidence which reveal that the income, represented in the form of asset, which has escaped assessment amounts to or is likely to amount to fifty lakh rupees or more in the relevant assessment year or in aggregate in the relevant assessment years;

(*b*) the income referred to in clause (*a*) or part thereof has escaped assessment for such year or years; and

(*c*) the search under section 132 is initiated or requisition under section 132A is made on or after the 1st day of April, 2017.

Explanation 1.—For the purposes of this sub-section, the expression "relevant assessment year" shall mean an assessment year preceding the assessment year relevant to the previous year in which search is conducted or requisition is made which falls beyond six assessment years but not

later than ten assessment years from the end of the assessment year relevant to the previous year in which search is conducted or requisition is made.

Explanation 2.—For the purposes of the fourth proviso, "asset" shall include immovable property being land or building or both, shares and securities, loans and advances, deposits in bank account.'.

Amendment of section 153B.

60. In section 153B of the Income-tax Act,—

(*a*) in sub-section (*1*),—

(*i*) in clause (*a*), after the words "six assessment years", the words "and for the relevant assessment year or years" shall be inserted;

(*ii*) for the second and third provisos, the following provisos shall be substituted, namely:—

'Provided further that in the case where the last of the authorisations for search under section 132 or for requisition under section 132A was executed during the financial year commencing on the 1st day of April, 2018,—

(*i*) the provisions of clause (*a*) or clause (*b*) of this sub-section shall have effect, as if for the words "twenty-one months", the words "eighteen months" had been substituted;

(*ii*) the period of limitation for making the assessment or reassessment in case of other person referred to in section 153C, shall be the period of eighteen months from the end of the financial year in which the last of the authorisations for search under section 132 or for requisition under section 132A was executed or twelve months from the end of the financial year in which books of account or documents or assets seized or requisitioned are handed over under section 153C to the Assessing Officer having jurisdiction over such other person, whichever is later:

Provided also that in the case where the last of the authorisations for search under section 132 or for requisition under section 132A was executed during the financial year commencing on or after the 1st day of April, 2019,—

(*i*) the provisions of clause (*a*) or clause (*b*) of this sub-section shall have effect, as if for the words "twenty-one months", the words "twelve months" had been substituted;

(*ii*) the period of limitation for making the assessment or reassessment in case of other person referred to in section 153C, shall be the period of twelve months from the end of the financial year in which the last of the authorisations for search under section 132 or for requisition under section 132A was executed or twelve months from the end of the financial year in which books of account or documents or assets seized or requisitioned are handed over under section 153C to the Assessing Officer having jurisdiction over such other person, whichever is later:

Provided also that in case where the last of the authorisations for search under section 132 or for requisition under section 132A was executed and during the course of the proceedings for the assessment or reassessment of total income, a reference under sub-section (*1*) of section 92CA is made, the period available for making an order of assessment or reassessment shall be extended by twelve months:

Provided also that in case where during the course of the proceedings for the assessment or reassessment of total income in case of other person referred to in section 153C, a reference under sub-section (*1*) of

section 92CA is made, the period available for making an order of assessment or reassessment in case of such other person shall be extended by twelve months.';

(*b*) in sub-section (*3*), the following proviso shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 2016, namely:—

"Provided that where a notice under section 153A or section 153C has been issued prior to the 1st day of June, 2016 and the assessment has not been completed by such date due to exclusion of time referred to in the *Explanation,* such assessment shall be completed in accordance with the provisions of this section as it stood immediately before its substitution by the Finance Act, 2016."; 28 of 2016.

(*c*) in the *Explanation*, after the second proviso, the following proviso shall be inserted, namely:—

"Provided also that where a proceeding before the Settlement Commission abates under section 245HA, the period of limitation available under this section to the Assessing Officer for making an order of assessment or reassessment, as the case may be, shall, after the exclusion of the period under sub-section (*4*) of section 245HA, be not less than one year; and where such period of limitation is less than one year, it shall be deemed to have been extended to one year.".

Amendment of section 153C.

61. In section 153C of the Income-tax Act, in sub-section (*1*),—

(*a*) in the long line, after the words "total income of such other person", the words "for six assessment years immediately preceding the assessment year relevant to the previous year in which search is conducted or requisition is made and" shall be inserted;

(b) in the second proviso, after the words "requisition is made", the words, brackets, figures and letter "and for the relevant assessment year or years as referred to in sub-section (*1*) of section 153A" shall be inserted.

Amendment of section 155.

62. In section 155 of the Income-tax Act, after sub-section (*14*), the following sub-section shall be inserted with effect from the 1st day of April, 2018, namely:—

"(*14A*) Where in the assessment for any previous year or in any intimation or deemed intimation under sub-section (*1*) of section 143 for any previous year, credit for income-tax paid in any country outside India or a specified territory outside India referred to in section 90, section 90A or section 91 has not been given on the ground that the payment of such tax was under dispute, and if subsequently such dispute is settled; and the assessee, within six months from the end of the month in which the dispute is settled, furnishes to the Assessing Officer evidence of settlement of dispute and evidence of payment of such tax along with an undertaking that no credit in respect of such amount has directly or indirectly been claimed or shall be claimed for any other assessment year, the Assessing Officer shall amend the order of assessment or any intimation or deemed intimation under sub-section (*1*) of section 143, as the case may be, and the provisions of section 154 shall, so far as may be, apply thereto:

Provided that the credit of tax which was under dispute shall be allowed for the year in which such income is offered to tax or assessed to tax in India.".

Insertion of new section 194-IB.

63. After section 194-IA of the Income-tax Act, the following section shall be inserted with effect from the 1st day of June, 2017, namely:—

Payment of rent by certain individuals or Hindu undivided family.

'194-IB. (*1*) Any person, being an individual or a Hindu undivided family (other than those referred to in the second proviso to section 194-I), responsible for paying to a resident any income by way of rent exceeding fifty thousand rupees for a month or part of a month during the previous year, shall deduct an amount equal to five per cent. of such income as income-tax thereon.

(*2*) The income-tax referred to in sub-section (*1*) shall be deducted on such income at the time of credit of rent, for the last month of the previous year or the last month of tenancy, if the property is vacated during the year, as the case may be, to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier.

(*3*) The provisions of section 203A shall not apply to a person required to deduct tax in accordance with the provisions of this section.

(*4*) In a case where the tax is required to be deducted as per the provisions of section 206AA, such deduction shall not exceed the amount of rent payable for the last month of the previous year or the last month of the tenancy, as the case may be.

Explanation.—For the purposes of this section, "rent" means any payment, by whatever name called, under any lease, sub-lease, tenancy or any other agreement or arrangement for the use of any land or building or both.'.

Insertion of new section 194-IC Payment under specified agreement.

64. After section 194-IB of the Income-tax Act as so inserted, the following section shall be inserted, namely:—

"194-IC. Notwithstanding anything contained in section 194-IA, any person responsible for paying to a resident any sum by way of consideration, not being consideration in kind, under the agreement referred to in sub-section (*5A*) of section 45, shall at the time of credit of such sum to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct an amount equal to ten per cent. of such sum as income-tax thereon.".

Amendment of section 194J.

65. In section 194J of the Income-tax Act, after the third proviso and before the *Explanation*, the following proviso shall be inserted with effect from the 1st day of June, 2017, namely:—

"Provided also that the provisions of this section shall have effect, as if for the words "ten per cent.", the words "two per cent." had been substituted in the case of a payee, engaged only in the business of operation of call centre.".

Amendment of section 194LA.

66. In section 194LA of the Income-tax Act, after the proviso and before the *Explanation*, the following proviso shall be inserted, namely:—

"Provided further that no deduction shall be made under this section where such payment is made in respect of any award or agreement which has been exempted from levy of income-tax under section 96 of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013.".

30 of 2013.

Amendment of section 194LC.

67. In section 194LC of the Income-tax Act, in sub-section (*2*),—

(*a*) in clause (*i*), with effect from the 1st day of April, 2018,—

(*A*) in sub-clauses (*a*) and (*c*), for the figures, letters and words "1st day of July, 2017", the figures, letters and words "1st day of July, 2020" shall be substituted;

(*B*) in the long line, for the word "and", the word "or" shall be substituted;

(*b*) after clause (*i*), the following clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2016, namely:—

"(*ia*) in respect of monies borrowed by it from a source outside India by way of issue of rupee denominated bond before the 1st day of July, 2020, and".

Amendment of section 194LD.

68. In section 194LD of the Income-tax Act, in sub-section (*2*), for the figures, letters and words "1st day of July, 2017", the figures, letters and words "1st day of July, 2020" shall be substituted with effect from the 1st day of April, 2018.

Amendment of section 197A.

69. In section 197A of the Income-tax Act, with effect from the 1st day of June, 2017,—

(*a*) in sub-section (*1A*), after the word, figures and letter "section 194A" at both the places where they occur, the words, figures and letter "or section 194D" shall be inserted;

(*b*) in sub-section (*1C*), after the word, figures and letter "section 194A" at both the places where they occur, the words, figures and letter "or section 194D" shall be inserted.

Amendment of section 204.

70. In section 204 of the Income-tax Act, after clause (*iia*), the following clause shall be inserted, namely:—

"(*iib*) in the case of furnishing of information relating to payment to a non-resident, not being a company, or to a foreign company, of any sum, whether or not chargeable under the provisions of this Act, the payer himself, or, if the payer is a company, the company itself including the principal officer thereof;".

Amendment of section 206C.

71. In section 206C of the Income-tax Act,—

(*a*) in sub-section (*1D*),—

(*A*) for the words and brackets "or jewellery or any other goods (other than bullion or jewellery)", the words and brackets "or any other goods (other than bullion)" shall be substituted;

(*B*) clause (*ii*) shall be omitted;

(*b*) in sub-section (*1E*), the words "or jewellery" shall be omitted;

(*c*) in the *Explanation* occurring after sub-section (*1I*),—

(*A*) in clause (*aa*),—

(*I*) in sub-clause (*ii*), the words, brackets, figure and letter "or sub-section (*1F*)" shall be omitted;

(*II*) after sub-clause (*ii*), the following sub-clause shall be inserted, namely:—

"(*iii*) sub-section (*1F*) means a person who obtains in any sale, goods of the nature specified in the said sub-section, but does not include,—

(*A*) the Central Government, a State Government and an embassy, a High Commission, legation, commission, consulate and the trade representation of a foreign State; or

(*B*) a local authority as defined in *Explanation* to clause (*20*) of section 10; or

(*C*) a public sector company which is engaged in the business of carrying passengers.";

(*B*) clause (*ab*) shall be omitted.

Insertion of new section 206CB.

72. After section 206CB of the Income-tax Act, the following section shall be inserted, namely:—

Requirement to furnish Permanent Account Number by collectee.

'206CC. (*1*) Notwithstanding anything contained in any other provisions of this Act, any person paying any sum or amount, on which tax is collectible at source under Chapter XVII-BB (herein referred to as collectee) shall furnish his Permanent Account Number to the person responsible for collecting such tax (herein referred to as collector), failing which tax shall be collected at the higher of the following rates, namely:—

(*i*) at twice the rate specified in the relevant provision of this Act; or

(*ii*) at the rate of five per cent.

(*2*) No declaration under sub-section (*1A*) of section 206C shall be valid unless the person furnishes his Permanent Account Number in such declaration.

(*3*) In case any declaration becomes invalid under sub-section (*2*), the collector shall collect the tax at source in accordance with the provisions of sub-section (*1*).

(*4*) No certificate under sub-section (*9*) of section 206C shall be granted unless the application made under that section contains the Permanent Account Number of the applicant.

(*5*) The collectee shall furnish his Permanent Account Number to the collector and both shall indicate the same in all the correspondence, bills, vouchers and other documents which are sent to each other.

(*6*) Where the Permanent Account Number provided to the collector is invalid or does not belong to the collectee, it shall be deemed that the collectee has not furnished his Permanent Account Number to the collector and the provisions of sub-section (*1*) shall apply accordingly.

(*7*) The provisions of this section shall not apply to a non-resident who does not have permanent establishment in India.

Explanation.—For the purposes of this sub-section, the expression "permanent establishment" includes a fixed place of business through which the business of the enterprise is wholly or partly carried on.'.

Amendment of section 211.

73. In section 211 of the Income-tax Act, in sub-section (*1*), in clause (*b*), for the words, figures and letters "an eligible assessee in respect of an eligible business referred to in section 44AD", the words, brackets, figures and letters "an assessee who declares profits and gains in accordance with the provisions of sub-section (*1*) of section 44AD or sub-section (*1*) of section 44ADA, as the case may be" shall be substituted.

Amendment of section 234C.

74. In section 234C of the Income-tax Act, in sub-section (*1*),—

(*i*) in clause (*a*), for the words, figures and letters "an eligible assessee in respect of the eligible business referred to in section 44AD", the words, brackets and letter "the assessee referred to in clause (*b*)" shall be substituted;

(*ii*) in clause (*b*), for the words, figures and letters "an eligible assessee in respect of the eligible business referred to in section 44AD", the words, brackets, figures and letters "an assessee who declares profits and gains in accordance with the provisions of sub-section (*1*) of section 44AD or sub-section (*1*) of section 44ADA, as the case may be" shall be substituted;

(*iii*) in the first proviso,—

(*A*) in clause (*c*), for the words "first time," occurring at the end, the words "first time; or" shall be substituted;

(*B*) after clause (*c*) and before the long line, the following clause shall be inserted, namely:—

"(*d*) income of the nature referred to in sub-section (*1*) of section 115BBDA,";

(*C*) in the long line, after the words, brackets and letter "or clause (*c*)", the words, brackets and letter "or clause (*d*)" shall be inserted.

Insertion of new section 234F.

75. After section 234E of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2018, namely:—

Fee for default in furnishing return of income.

"234F. (*1*) Without prejudice to the provisions of this Act, where a person required to furnish a return of income under section 139, fails to do so within the time prescribed in sub-section (*1*) of said section, he shall pay, by way of fee, a sum of,—

(*a*) five thousand rupees, if the return is furnished on or before the 31st day of December of the assessment year;

(*b*) ten thousand rupees in any other case:

Provided that if the total income of the person does not exceed five lakh rupees, the fee payable under this section shall not exceed one thousand rupees.

(*2*) The provisions of this section shall apply in respect of return of income required to be furnished for the assessment year commencing on or after the 1st day of April, 2018.".

Insertion of new section 241A.

Withholding of refund in certain cases.

76. After section 241 of the Income-tax Act [as it stood immediately before its omission by section 81 of the Finance Act, 2001], the following section shall be inserted, namely:—

"241A. For every assessment year commencing on or after the 1st day of April, 2017, where refund of any amount becomes due to the assessee under the provisions of sub-section (*1*) of section 143 and the Assessing Officer is of the opinion, having regard to the fact that a notice has been issued under sub-section (*2*) of section 143 in respect of such return, that the grant of the refund is likely to adversely affect the revenue, he may, for reasons to be recorded in writing and with the previous approval of the Principal Commissioner or Commissioner, as the case may be, withhold the refund up to the date on which the assessment is made.".

Amendment of section 244A.

77. In section 244A of the Income-tax Act,—

(*i*) after sub-section (*1A*), the following sub-section shall be inserted, namely:—

"(*1B*) Where refund of any amount becomes due to the deductor in respect of any amount paid to the credit of the Central Government under Chapter XVII-B, such deductor shall be entitled to receive, in addition to the said amount, simple interest thereon calculated at the rate of one-half per cent. for every month or part of a month comprised in the period, from the date on which—

(*a*) claim for refund is made in the prescribed form; or

(*b*) tax is paid, where refund arises on account of giving effect to an order under section 250 or section 254 or section 260 or section 262,

to the date on which the refund is granted.";

(*ii*) in sub-section (*2*),—

(*a*) after the words "to the assessee", the words "or the deductor, as the case may be," shall be inserted;

(*b*) after the word, brackets, figure and letter "or (*1A*)", the word, brackets, figure and letter "or (*1B*)" shall be inserted.

Amendment of section 245A.

78. In section 245A of the Income-tax Act, in clause (*b*), in the *Explanation*, in clause (*iv*), for the words "two years from the end of the relevant assessment year", the words, brackets and figures "the time specified for making assessment under sub-section (*1*) of section 153" shall be substituted.

Amendment of section 245N.

79. In section 245N of the Income-tax Act, for clause (*b*), the following clause shall be substituted, namely:—

'(*b*) "applicant" means—

(*A*) any person who—

(*I*) is a non-resident referred to in sub-clause (*i*) of clause (*a*); or

(*II*) is a resident referred to in sub-clause (*ii*) of clause (*a*); or

(*III*) is a resident referred to in sub-clause (*iia*) of clause (*a*) falling within any such class or category of persons as the Central Government may, by notification in the Official Gazette, specify; or

(*IV*) is a resident falling within any such class or category of persons as the Central Government may, by notification in the Official Gazette, specify in this behalf; or

(*V*) is referred to in sub-clause (*iv*) of clause (*a*),

and makes an application under sub-section (*1*) of section 245Q;

(*B*) an applicant as defined in clause (*c*) of section 28E of the Customs Act, 1962;

52 of 1962.

(*C*) an applicant as defined in clause (*c*) of section 23A of the Central Excise Act, 1944;

1 of 1944.

(*D*) an applicant as defined in clause (*b*) of section 96A of the Finance Act, 1994;'.

32 of 1994.

Amendment of section 245-O.

80. In section 245-O of the Income-tax Act,—

'(*a*) in sub-section (*3*),—

(*i*) in clause (*a*), after the words "a Judge of the Supreme Court", the words "or the Chief Justice of a High Court or for at least seven years a Judge of a High Court" shall be inserted;

(*ii*) for clause (*c*), the following clause shall be substituted, namely:—

"(*c*) a revenue Member—

(*i*) from the Indian Revenue Service, who is, or is qualified to be, a Member of the Board; or

(*ii*) from the Indian Customs and Central Excise Service, who is, or is qualified to be, a Member of the Central Board of Excise and Customs,

on the date of occurrence of vacancy;";

(*iii*) in clause (*d*), after the words "Government of India", the words "on the date of occurrence of vacancy" shall be inserted;

(*b*) after sub-section (*6*), the following sub-sections shall be inserted, namely:—

"(*6A*) In the event of the occurrence of any vacancy in the office of the Chairman by reason of his death, resignation or otherwise, the senior-most Vice-chairman shall act as the Chairman until the date on which a new Chairman, appointed in accordance with the provisions of this Act to fill such vacancy, enters upon his office.

(*6B*) In case the Chairman is unable to discharge his functions owing to absence, illness or any other cause, the senior-most Vice-chairman shall discharge the functions of the Chairman until the date on which the Chairman resumes his duties.".

Amendment of section 245Q.

81. In section 245Q of the Income-tax Act, in sub-section (*1*), after the words "advance ruling under this Chapter", the words, figures and letters "or under Chapter V of the Customs Act, 1962 or under Chapter IIIA of the Central Excise Act, 1944 or under Chapter VA of the Finance Act, 1994" shall be inserted.

52 of 1962.
1of 1944.
32 of 1994.

Amendment of section 253.

82. In section 253 of the Income-tax Act, in sub-section (*1*), in clause (*f*), after the words "authority under", the words, brackets and figures "sub-clause (*iv*) or sub-clause (*v*) or" shall be inserted.

Insertion of new section 269ST. Mode of undertaking transactions.

83. After section 269SS of the Income-tax Act, the following section shall be inserted, namely:—

'269ST. No person shall receive an amount of three lakh rupees or more—

(*a*) in aggregate from a person in a day; or

(*b*) in respect of a single transaction; or

(*c*) in respect of transactions relating to one event or occasion from a person,

otherwise than by an account payee cheque or an account payee bank draft or use of electronic clearing system through a bank account:

Provided that the provisions of this section shall not apply to—

(*i*) any receipt by—

(*a*) Government;

(*b*) any banking company, post office savings bank or co-operative bank;

(*ii*) transactions of the nature referred to in section 269SS;

(*iii*) such other persons or class of persons or receipts, which the Central Government may, by notification in the Official Gazette, specify.

Explanation.—For the purposes of this section,—

(*a*) "banking company" shall have the same meaning as assigned to it in clause (*i*) of the *Explanation* to section 269SS;

(*b*) "co-operative bank" shall have the same meaning as assigned to it in clause (*ii*) of the *Explanation* to section 269SS.'.

Insertion of new section 271DA. Penalty for failure to comply with provisions of section 269ST.

84. After section 271D of the Income-tax Act, the following section shall be inserted, namely:—

"271DA. (*1*) If a person receives any sum in contravention of the provisions of section 269ST, he shall be liable to pay, by way of penalty, a sum equal to the amount of such receipt:

Provided that no penalty shall be imposable if such person proves that there were good and sufficient reasons for the contravention.

(*2*) Any penalty imposable under sub-section (*1*) shall be imposed by the Joint Commissioner.".

Amendment of section 271F.

85. In section 271F of the Income-tax Act, the following proviso shall be inserted with effect from the 1st day of April, 2018, namely:—

"Provided that nothing contained in this section shall apply to and in relation to the return of income required to be furnished for any assessment year commencing on or after the 1st day of April, 2018.".

Insertion of new section 271J. Penalty for furnishing incorrect information in reports or certificates.

86. After section 271-I of the Income-tax Act, the following section shall be inserted, namely:—

'271J. Without prejudice to the provisions of this Act, where the Assessing Officer or the Commissioner (Appeals), in the course of any proceedings under this Act, finds that an accountant or a merchant banker or a registered valuer has furnished incorrect information in any report or certificate furnished under any provision of this Act or the rules made thereunder, the Assessing Officer or the Commissioner (Appeals) may direct that such accountant or merchant banker or registered valuer, as the case may be, shall pay, by way of penalty, a sum of ten thousand rupees for each such report or certificate.

Explanation.—For the purposes of this section,—

(*a*) "accountant" means an accountant referred to in the *Explanation* below sub-section (*2*) of section 288;

(*b*) "merchant banker" means Category I merchant banker registered with the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992;

15 of 1992.

(*c*) "registered valuer" means a person defined in clause (*oaa*) of section 2 of the Wealth-tax Act, 1957.'.

27 of 1957.

87. In section 273B of the Income-tax Act, after the word, figures and letter "section 271-I,", the word, figures and letter "section 271J," shall be inserted. Amendment of section 273B.

CHAPTER IV

INDIRECT TAXES

Customs

52 of 1962.

88. In the Customs Act, 1962 (hereinafter referred to as the Customs Act), in section 2,— Amendment of section 2.

(*a*) after clause (*3*), the following clause shall be inserted, namely:—

'(*3A*) "beneficial owner" means any person on whose behalf the goods are being imported or exported or who exercises effective control over the goods being imported or exported;';

(*b*) in clause (*13*), for the words "customs airport", the words "customs airport, international courier terminal, foreign post office" shall be substituted;

(*c*) in clause (*16*), the words "in the case of goods imported or to be exported by post, the entry referred to in section 82 or" shall be omitted;

(*d*) in clause (*20*), for the words "any owner", the words "any owner, beneficial owner" shall be substituted;

(*e*) after clause (*20*), the following clause shall be inserted, namely:—

'(*20A*) "foreign post office" means any post office appointed under clause (*e*) of sub-section (*1*) of section 7 to be a foreign post office;';

(*f*) in clause (*26*), for the words "any owner", the words "any owner, beneficial owner" shall be substituted;

(*g*) after clause (*28*), the following clause shall be inserted, namely:—

'(*28A*) "international courier terminal" means any place appointed under clause (*f*) of sub-section (*1*) of section 7 to be an international courier terminal;';

(*h*) after clause (*30A*), the following clause shall be inserted, namely:—

'(*30B*) "passenger name record information" means the records prepared by an operator of any aircraft or vessel or vehicle or his authorised agent for each journey booked by or on behalf of any passenger;'.

89. In the Customs Act, in section 7, in sub-section (*1*), after clause (*d*), the following clauses shall be inserted, namely:— Amendment of section 7.

"(*e*) the post offices which alone shall be foreign post offices for the clearance of imported goods or export goods or any class of such goods;

(*f*) the places which alone shall be international courier terminals for the clearance of imported goods or export goods or any class of such goods.".

Amendment of section 17.

90. In the Customs Act, in section 17, for sub-section (*3*), the following sub-section shall be substituted, namely:—

"(*3*) For verification of self-assessment under sub-section (*2*), the proper officer may require the importer, exporter or any other person to produce any document or information, whereby the duty leviable on the imported goods or export goods, as the case may be, can be ascertained and thereupon, the importer, exporter or such other person shall produce such document or furnish such information.".

Amendment of section 27.

91. In the Customs Act, in section 27, in sub-section (*2*), in the first proviso, after clause (*f*), the following clause shall be inserted, namely:—

"(*g*) the duty paid in excess by the importer before an order permitting clearance of goods for home consumption is made where—

(*i*) such excess payment of duty is evident from the bill of entry in the case of self-assessed bill of entry; or

(*ii*) the duty actually payable is reflected in the reassessed bill of entry in the case of reassessment.".

Amendment of section 28E.

92. In the Customs Act, in section 28E, for clause (*e*), the following clause shall be substituted, namely:—

'(*e*) "Authority" means the Authority for Advance Rulings constituted under section 245-O of the Income-tax Act, 1961;'. 43 of 1961.

Substitution of new section for section 28F.

93. In the Customs Act, for section 28F, the following section shall be substituted, namely:—

Authority for Advance Rulings.

"28F. (*1*) Subject to the provisions of this Act, the Authority for Advance Rulings constituted under section 245-O of the Income-tax Act, 1961 shall be the Authority for giving advance rulings for the purposes of this Act and the said Authority shall exercise the jurisdiction, powers and authority conferred on it by or under this Act: 43 of 1961.

Provided that the Member from the Indian Revenue Service (Customs and Central Excise), who is qualified to be a Member of the Board, shall be the revenue Member of the Authority for the purposes of this Act.

(*2*) On and from the date on which the Finance Bill, 2017 receives the assent of the President, every application and proceeding pending before the erstwhile Authority for Advance Rulings (Central Excise, Customs and Service Tax) shall stand transferred to the Authority from the stage at which such application or proceeding stood as on the date of such assent.".

Omission of section 28G.

94. In the Customs Act, section 28G shall be omitted.

Amendment of section 28H.

95. In the Customs Act, in section 28H, in sub-section (*3*), for the words "two thousand five hundred rupees", the words "ten thousand rupees" shall be substituted.

Amendment of section 28-I.

96. In the Customs Act, in section 28-I, in sub-section (*6*), for the words "ninety days", the words "six months" shall be substituted.

Insertion of new section 30A.

97. In the Customs Act, after section 30, the following section shall be inserted, namely:—

Passenger and crew arrival manifest and passenger name record information.

"30A. (*1*) The person-in-charge of a conveyance that enters India from any place outside India or any other person as may be specified by the Central Government by notification in the Official Gazette, shall deliver to the proper officer—

(*i*) the passenger and crew arrival manifest before arrival in the case of an aircraft or a vessel and upon arrival in the case of a vehicle; and

(*ii*) the passenger name record information of arriving passengers,

in such form, containing such particulars, in such manner and within such time, as may be prescribed.

(*2*) Where the passenger and crew arrival manifest or the passenger name record information or any part thereof is not delivered to the proper officer within the prescribed time and if the proper officer is satisfied that there was no sufficient cause for such delay, the person-in-charge or the other person referred to in sub-section (*1*) shall be liable to such penalty, not exceeding fifty thousand rupees, as may be prescribed.".

Insertion of new section 41A.

98. In the Customs Act, after section 41, the following section shall be inserted, namely:—

Passenger and crew departure manifest and passenger name record information.

"41A. (*1*) The person-in-charge of a conveyance that departs from India to a place outside India or any other person as may be specified by the Central Government by notification in the Official Gazette, shall deliver to the proper officer—

(*i*) the passenger and crew departure manifest; and

(*ii*) the passenger name record information of departing passengers,

in such form, containing such particulars, in such manner and within such time, as may be prescribed.

(*2*) Where the passenger and crew departure manifest or the passenger name record information or any part thereof is not delivered to the proper officer within the prescribed time and if the proper officer is satisfied that there was no sufficient cause for such delay, the person-in-charge or the other person referred to in sub-section (*1*) shall be liable to such penalty, not exceeding fifty thousand rupees, as may be prescribed.".

Amendment of section 46.

99. In the Customs Act, in section 46, for sub-section (*3*), the following sub-section shall be substituted, namely:—

"(*3*) The importer shall present the bill of entry under sub-section (*1*) before the end of the next day following the day (excluding holidays) on which the aircraft or vessel or vehicle carrying the goods arrives at a customs station at which such goods are to be cleared for home consumption or warehousing:

Provided that a bill of entry may be presented within thirty days of the expected arrival of the aircraft or vessel or vehicle by which the goods have been shipped for importation into India:

Provided further that where the bill of entry is not presented within the time so specified and the proper officer is satisfied that there was no sufficient cause for such delay, the importer shall pay such charges for late presentation of the bill of entry as may be prescribed.".

Amendment of section 47.

100. In the Customs Act, in section 47, in sub-section (*2*), for the portion beginning with the words "Where the importer fails to pay" and ending with the words "in the Official Gazette", the following shall be substituted, namely:—

"The importer shall pay the import duty—

(*a*) on the date of presentation of the bill of entry in the case of self-assessment; or

(*b*) within one day (excluding holidays) from the date on which the bill of entry is returned to him by the proper officer for payment of duty in the case of assessment, reassessment or provisional assessment; or

(*c*) in the case of deferred payment under the proviso to sub-section (*1*), from such due date as may be specified by rules made in this behalf,

and if he fails to pay the duty within the time so specified, he shall pay interest on the duty not paid or short-paid till the date of its payment, at such rate, not less than ten per cent. but

not exceeding thirty-six per cent. per annum, as may be fixed by the Central Government, by notification in the Official Gazette.".

Subsitution of new section for section. 49.

101. In the Customs Act, for section 49, the following section shall be substituted, namely:—

Storage of imported goods in warehouse pending clearance or removal.

"49. Where,—

(*a*) in the case of any imported goods, whether dutiable or not, entered for home consumption, the Assistant Commissioner of Customs or Deputy Commissioner of Customs is satisfied on the application of the importer that the goods cannot be cleared within a reasonable time;

(*b*) in the case of any imported dutiable goods, entered for warehousing, the Assistant Commissioner of Customs or Deputy Commissioner of Customs is satisfied on the application of the importer that the goods cannot be removed for deposit in a warehouse within a reasonable time,

the goods may pending clearance or removal, as the case may be, be permitted to be stored in a public warehouse for a period not exceeding thirty days:

Provided that the provisions of Chapter IX shall not apply to goods permitted to be stored in a public warehouse under this section:

Provided further that the Principal Commissioner of Customs or Commissioner of Customs may extend the period of storage for a further period not exceeding thirty days at a time.".

Amendment of section 69.

102. In the Customs Act, in section 69, in sub-section (*1*), for clause (*a*), the following clause shall be substituted, namely:—

"(*a*) a shipping bill or a bill of export or the form as prescribed under section 84 has been presented in respect of such goods;".

Omission of section 82.

103. In the Customs Act, section 82 shall be omitted.

Amendment of section 84.

104. In the Customs Act, in section 84, for clause (*a*), the following clause shall be substituted, namely:—

"(*a*) the form and manner in which an entry may be made in respect of goods imported or to be exported by post;".

Amendment of section 127B.

105. In the Customs Act, in section 127B, after sub-section (*4*), the following sub-section shall be inserted, namely:—

"(*5*) Any person, other than an applicant referred to in sub-section (*1*), may also make an application to the Settlement Commission in respect of a show cause notice issued to him in a case relating to the applicant which has been settled or is pending before the Settlement Commission and such notice is pending before an adjudicating authority, in such manner and subject to such conditions, as may be specified by rules.".

Amendment of section 127C.

106. In the Customs Act, in section 127C,—

(*i*) in sub-section (*3*), for the words "Commissioner of Customs having jurisdiction and the Commissioner", the words "Commissioner of Customs or Principal Additional Director General of Revenue Intelligence or Additional Director General of Revenue Intelligence, as the case may be, having jurisdiction and such Commissioner or Additional Director General" shall be substituted;

(*ii*) after sub-section (*5*), the following sub-section shall be inserted, namely:—

"(*5A*) The Settlement Commission may, at any time within three months from the date of passing of the order under sub-section (*5*), may amend such order to rectify any error apparent on the face of record, either *suo motu* or

when such error is brought to its notice by the jurisdictional Principal Commissioner of Customs or Commissioner of Customs or Principal Additional Director General of Revenue Intelligence or Additional Director General of Revenue Intelligence or the applicant:

Provided that no amendment which has the effect of enhancing the liability of the applicant shall be made under this sub-section, unless the Settlement Commission has given notice of such intention to the applicant and the jurisdictional Principal Commissioner of Customs or Commissioner of Customs or Principal Additional Director General of Revenue Intelligence or Additional Director General of Revenue Intelligence, as the case may be, and has given them a reasonable opportunity of being heard.".

Amendment of section 157.

107. In the Customs Act, in section 157, in sub-section (*2*), after clause (*aa*), the following clause shall be inserted, namely:—

"(*ab*) the form, the particulars, the manner and the time of delivering the passenger and crew manifest for arrival and departure and passenger name record information and the penalty for delay in delivering such information under sections 30A and 41A;".

Customs Tariff

51 of 1975.

Amendment of section 9.

108. In the Customs Tariff Act, 1975 (hereinafter referred to as the Customs Tariff Act), in section 9, in sub-section (*3*), for clause (*c*), the following clause shall be substituted, namely:—

"(*c*) the subsidy has been conferred on a limited number of persons engaged in the manufacture, production or export of articles;".

Amendment of First Schedule.

109. In the Customs Tariff Act, the First Schedule shall—

(*a*) be amended in the manner specified in the Second Schedule;

(*b*) be also amended in the manner specified in the Third Schedule.

Amendment of Second Schedule.

110. In the Customs Tariff Act, the Second Schedule shall be amended in the manner specified in the Fourth Schedule.

Excise

1 of 1944.

Amendment of section 23A.

111. In the Central Excise Act, 1944 (hereinafter referred to as the Central Excise Act), in section 23A, for clause (*e*), the following clause shall be substituted, namely:—

'(*e*) "Authority" means the Authority for Advance Rulings as defined in clause (*e*) of section 28E of the Customs Act, 1962;'.

52 of 1962.

Omission of section 23B.

112. In the Central Excise Act, section 23B shall be omitted.

Amendment of section 23C.

113. In the Central Excise Act, in section 23C, in sub-section (*3*), for the words "two thousand and five hundred rupees", the words "ten thousand rupees" shall be substituted.

Amendment of section 23D.

114. In the Central Excise Act, in section 23D, in sub-section (*6*), for the words "ninety days", the words "six months" shall be substituted.

Insertion of new section 23-I.

115. In the Central Excise Act, after section 23H, the following section shall be inserted, namely:—

Transitional provision.

"23-I. On and from the date on which the Finance Bill, 2017 receives the assent of the President, every application and proceeding pending before the erstwhile Authority for Advance Rulings (Central Excise, Customs and Service Tax) shall stand transferred to the Authority from the stage at which such application or proceeding stood as on the date of such assent.".

Amendment of section 32E.

116. In the Central Excise Act, in section 32E, after sub-section (*4*), the following sub-section shall be inserted, namely:—

"(*5*) Any person other than an assessee, may also make an application to the Settlement Commission in respect of a show cause notice issued to him in a case relating to the assessee which has been settled or is pending before the Settlement Commission and such notice is pending before an adjudicating authority, in such manner and subject to such conditions, as may be prescribed.".

Amendment of section 32F.

117. In the Central Excise Act, in section 32F,—

(*i*) in sub-section (*3*), for the words "Commissioner of Central Excise having jurisdiction and the Commissioner", the words "Commissioner of Central Excise or Principal Additional Director General of Central Excise Intelligence or Additional Director General of Central Excise Intelligence, as the case may be, having jurisdiction and such Commissioner or Additional Director General" shall be substituted;

(*ii*) after sub-section (*5*), the following sub-section shall be inserted, namely:—

"(*5A*) The Settlement Commission may, at any time within three months from the date of passing of the order under sub-section (*5*), amend such order to rectify any error apparent on the face of record, either *suo motu* or when such error is brought to its notice by the jurisdictional Principal Commissioner of Central Excise or Commissioner of Central Excise or Principal Additional Director General of Central Excise Intelligence or Additional Director General of Central Excise Intelligence or the applicant:

Provided that no amendment which has the effect of enhancing the liability of the applicant shall be made under this sub-section, unless the Settlement Commission has given notice of such intention to the applicant and the jurisdictional Principal Commissioner of Central Excise or Commissioner of Central Excise or Principal Additional Director General of Central Excise Intelligence or Additional Director General of Central Excise Intelligence, as the case may be, and has given them a reasonable opportunity of being heard.".

Central Excise Tariff

Amendment of First Schedule.

118. In the Central Excise Tariff Act, 1985 (hereinafter referred to as the Central Excise Tariff Act), the First Schedule shall be amended in the manner specified in the Fifth Schedule. 5 of 1986.

Retrospective amendment of certain entries in First Schedule.

119. In the Central Excise Tariff Act, in the First Schedule, in Chapter 87, in column (*4*), for the entry "27%" occurring against tariff items 8702 90 21, 8702 90 22, 8702 90 28 and 8702 90 29, the entry "12.5%" shall be substituted and shall be deemed to have been substituted retrospectively with effect from the 1st day of January, 2017.

CHAPTER V

SERVICE TAX

Amendment of section 65B.

120. In the Finance Act, 1994 (hereinafter referred to as the 1994 Act), in section 65B, clause (*40*) shall be omitted. 32 of 1994.

Amendment of section 66D.

121. In the 1994 Act, in section 66D, clause (*f*) shall be omitted.

Amendment of section 96A.

122. In the 1994 Act, in section 96A, for clause (*d*), the following clause shall be substituted, namely:—

'(*d*) "Authority" means the Authority for Advance Rulings as defined in clause (*e*) of section 28E of the Customs Act, 1962;'. 52 of 1962.

Omission of section 96B.

123. In the 1994 Act, section 96B shall be omitted.

Amendment of section 96C.

124. In the 1994 Act, in section 96C, in sub-section (*3*), for the words "two thousand and five hundred rupees", the words "ten thousand rupees" shall be substituted.

Amendment of section 96D.

125. In the 1994 Act, in section 96D, in sub-section (*6*), for the words "ninety days", the words "six months" shall be substituted.

Insertion of new section 96HA. Transitional provision.

126. In the 1994 Act, after section 96H, the following section shall be inserted, namely:–

"96HA. On and from the date on which the Finance Bill, 2017 receives the assent of the President, every application and proceeding pending before the erstwhile Authority for Advance Rulings (Central Excise, Customs and Service Tax) shall stand transferred to the Authority from the stage at which such application or proceeding stood as on the date of such assent.".

Insertion of new sections 104 and 105.

127. In the 1994 Act, after section 103, the following sections shall be inserted, namely:—

Special provision for exemption in certain cases relating to long term lease of industrial plots.

"104. (*1*) Notwithstanding anything contained in section 66, as it stood prior to the 1st day of July, 2012, or in section 66B, no service tax, leviable on one time upfront amount (premium, salami, cost, price, development charge or by whatever name called) in respect of taxable service provided or agreed to be provided by a State Government industrial development corporation or undertaking to industrial units by way of grant of long term lease of thirty years or more of industrial plots, shall be levied or collected during the period commencing from the 1st day of June, 2007 and ending with the 21st day of September, 2016 (both days inclusive).

(*2*) Refund shall be made of all such service tax which has been collected, but which would not have been so collected, had sub-section (*1*) been in force at all material times.

(*3*) Notwithstanding anything contained in this Chapter, an application for claim of refund of service tax shall be made within a period of six months from the date on which the Finance Bill, 2017 receives the assent of the President.

Special provision for exemption in certain cases relating to life insurance service provided to members of armed forces of Union.

105. (*1*) Notwithstanding anything contained in section 66, as it stood prior to the 1st day of July, 2012, or in section 66B, no service tax shall be levied or collected in respect of taxable services provided or agreed to be provided by the Army, Naval and Air Force Group Insurance Funds by way of life insurance to members of the Army, Navy and Air Force, respectively, under the Group Insurance Schemes of the Central Government, during the period commencing from the 10th day of September, 2004 and ending with the 1st day of February, 2016 (both days inclusive).

(*2*) Refund shall be made of all such service tax which has been collected, but which would not have been so collected, had sub-section (*1*) been in force at all material times.

(*3*) Notwithstanding anything contained in this Chapter, an application for the claim of refund of service tax shall be made within a period of six months from the date on which the Finance Bill, 2017 receives the assent of the President.".

Amendment of rule 2A of Service Tax (Determination of Value) Rules, 2006, retrospectively.

128. (*1*) In the Service Tax (Determination of Value) Rules, 2006 made by the Central Government in exercise of the powers conferred by section 94 of the Finance Act, 1994, published in the Gazette of India *vide* notification of the Government of India in the Ministry of Finance (Department of Revenue) number G.S.R. 228(*E*), dated the 19th April, 2006,— 32 of 1994.

(*a*) rule 2A as inserted by the Service Tax (Determination of Value) (Amendment) Rules, 2007 published *vide* number G.S.R. 375(*E*), dated the 22nd May, 2007; and

(*b*) rule 2A as substituted by the Service Tax (Determination of Value) Second Amendment Rules, 2012 published *vide* number G.S.R. 431(*E*), dated the 6th June, 2012,

shall stand amended and shall be deemed to have been amended in the manner specified in column (*3*) of the Sixth Schedule, on and from and up to the corresponding date specified in column (4), against each of the rule specified in column (2) thereof.

(*2*) Notwithstanding anything contained in any judgment, decree or order of any court, tribunal or other authority, any action taken or anything done or purported to have been taken or done at any time during the period specified in column (4) of the Sixth Schedule relating to the provisions as amended by sub-section (*1*) shall be deemed to be and deemed always to have been, for all purposes, as validly and effectively taken or done as if the amendment made by sub-section (*1*) had been in force at all material times.

(*3*) For the purposes of sub-section (*1*), the Central Government shall have and shall be deemed to have the power to make rules with retrospective effect as if the Central Government had the power to make rules under section 94 of the Finance Act, 1994, retrospectively, at all material times. 32 of 1994.

Explanation.—For the removal of doubts, it is hereby declared that no act or omission on the part of any person shall be punishable as an offence which would not have been so punishable had this section not come into force.

CHAPTER VI

MISCELLANEOUS

PART I

AMENDMENTS TO THE INDIAN TRUSTS ACT, 1882

Commencement of this part.

129. The provisions of this Part shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

Amendment of section 20 of Act 2 of 1882.

130. In section 20 of the Indian Trusts Act,1882 [as substituted by section 2 of the Indian Trusts (Amendment) Act, 2016],— 34 of 2016.

(*i*) for the words "invest the money in any of the securities or class of securities expressly authorised by the instrument of trust or", the words "make investments as expressly authorised by the instrument of trust or in any of the securities or class of securities" shall be substituted;

(*ii*) in the proviso, the words "in any of the securities or class of securities mentioned above" shall be omitted.

PART II

AMENDMENTS TO THE INDIAN POST OFFICE ACT, 1898

Commencement of this Part.

131. The provisions of this Part shall come into force on the 1st day of April, 2017.

Amendment of section 7 of Act 6 of 1898.

132. In section 7 of the Indian Post Office Act, 1898,—

(*a*) in sub-section (*1*), for the proviso, the following proviso shall be substituted, namely:—

"Provided that until such notification is issued, the rates set forth in the First Schedule shall be the rates chargeable under this Act.";

(*b*) sub-section (*2*) shall be omitted.

PART III

AMENDMENTS TO THE RESERVE BANK OF INDIA ACT, 1934

Commencement of this Part.

133. The provisions of this Part shall come into force on the 1st day of April, 2017.

Amendment of section 31 of Act 2 of 1934.

134. In the Reserve Bank of India Act, 1934, in section 31, after sub-section (*2*), the following sub-section shall be inserted, namely:—

"(*3*) Notwithstanding anything contained in this section, the Central Government may authorise any scheduled bank to issue electoral bond.

Explanation.— For the purposes of this sub-section, "electroal bond" means a bond issued by any scheduled bank under the scheme as may be notified by the Central Government.".

PART IV

AMENDMENTS TO THE REPRESENTATION OF THE PEOPLE ACT, 1951

Commencement of this Part.

135.The provisions of this Part shall come into force on the 1st day of April, 2017.

Amendment of section 29C of Act 43 of 1951.

136. In the Representation of the People Act, 1951, in section 29C, in sub-section (*1*), the following shall be inserted, namely:—

'Provided that nothing contained in this sub-section shall apply to the contributions received by way of an electoral bond.

Explanation.—For the purposes of this sub-section, "electoral bond" means a bond referred to in the Explanation to sub-section (*3*) of section 31 of the Reserve Bank of India Act, 1934. 2 of 1934.

PART V

AMENDMENTS TO THE OIL INDUSTRY (DEVELOPMENT) ACT, 1974

Commencement of this Part.

137. The provisions of this Part shall come into force on the 1st day of April, 2017.

Amendment of section 18 of Act 47 of 1974.

138. In the Oil Industry (Development) Act, 1974, in section 18, in sub-section (*2*), after clause (*d*), the following clauses shall be inserted, namely:—

"(*e*) for meeting any expenditure incurred by any Central Public Sector Undertaking in the oil and gas sector, on behalf of the Central Government;

(*f*) for meeting expenditure on any scheme or activity by the Central Government relating to oil and gas sector.".

PART VI

REPEAL OF THE RESEARCH AND DEVELOPMENT CESS ACT, 1986.

Commencement of this Part.

139. The provisions of this Part shall come into force on the 1st day of April, 2017.

Repeal of Act 32 of 1986.

140. The Research and Development Cess Act, 1986 is hereby repealed.

Savings.

141. (*1*) The repeal of the Research and Development Cess Act, 1986 by this Act shall not—

(*a*) affect any other enactment in which the repealed enactment has been applied, incorporated or referred to;

(*b*) affect the validity, invalidity, effect or consequences of anything already done or suffered, or any right, title, obligation or liability already acquired, accrued or incurred or any remedy or proceeding in respect thereof, or any release or discharge of or from any debt, penalty, obligation, liability, claim or demand, or any indemnity already granted, or the proof of any past act or thing;

(*c*) affect any principle or rule of law, or established jurisdiction, form or course of pleading, practice or procedure, or existing usage, custom, privilege, restriction, exemption, office or appointment, notwithstanding that the same respectively may have been in any manner affirmed or recognised or derived by, in or from the enactment hereby repealed;

(*d*) revive or restore any jurisdiction, office, custom, liability, right, title, privilege, restriction, exemption, usage, practice, procedure or other matter or thing not now existing or in force.

(*2*) The mention of particular matter in sub-section (*1*) shall not be held to prejudice or affect the general application of section 6 of the General Clauses Act, 1897, with regard to the effect of repeal. 10 of 1897.

Collection and payment of arrears of duties.

142. Notwithstanding the repeal of the Research and Development Cess Act, 1986, the proceeds of duties levied under the said Act immediately preceding the date of commencement of this Part,— 32 of 1986.

(*i*) if collected by the collecting agencies but not paid into the Reserve Bank of India; or

(*ii*) if not collected by the collecting agencies,

shall be paid or, as the case may be, collected and paid into the Reserve Bank of India for being credited to the Consolidated Fund of India.

PART VII

AMENDMENTS TO THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992

Commencement of this part.

143.The provisions of this Part shall come into force on such date as the Central Government may, by notification, appoint, and different dates may be appointed for different provisions of this Part.

Amendment of Act 15 of 1992.

144. In the Securities and Exchange Board of India Act, 1992 (hereafter in this Part referred to as the principal Act), in section 2, in sub-section (*1*),— 15 of 1992.

(*A*) after clause (*d*), the following clauses shall be inserted, namely:—

'(*da*) "Insurance Regulatory and Development Authority" means the Insurance Regulatory and Development Authority of India established under sub-section (*1*) of section 3 of the Insurance Regulatory and Development Authority Act, 1999; 41 of 1999.

(*db*) "Judicial Member" means a Member of the Securities Appellate Tribunal appointed under sub-section (*1*) of section 15MA and includes the Presiding Officer;';

(*B*) after clause (*f*), the following clause shall be inserted, namely:—

'(*fa*) "Pension Fund Regulatory and Development Authority" means the Pension Fund Regulatory and Development Authority established under sub-section (*1*) of section 3 of the Pension Fund Regulatory and Development Authority Act, 2013;'; 23 of 2013.

(*C*) after clause (*i*), the following clause shall be inserted, namely:—

'(*j*) "Technical Member" means a Technical Member appointed under sub-section (*1*) of section 15MB.'.

Amendment of Chapter VIB.

145. In Chapter VIB of the principal Act,—

(*a*) in the chapter heading, for the words "APPELLATE TRIBUNAL", the words "SECURITIES APPELLATE TRIBUNAL" shall be substituted;

(*b*) for section 15K, the following section shall be substituted, namely:—

"15K. (*1*) The Central Government shall, by notification, establish a Tribunal to be known as the Securities Appellate Tribunal to exercise the jurisdiction, powers and authority conferred on it by or under this Act or any other law for the time being in force. Establishment of Securities Appellate Tribunal.

(*2*) The Central Government shall also specify in the notification referred to in sub-section (*1*), the matters and places in relation to which the Securities Appellate Tribunal may exercise jurisdiction.";

(*c*) for section 15L, the following section shall be substituted, namely:—

"15L. (*1*) The Securities Appellate Tribunal shall consist of a Presiding Officer and such number of Judicial Members and Technical Members as the Central Government may determine, by notification, to exercise the powers and discharge the functions conferred on the Securities Appellate Tribunal under this Act or any other law for the time being in force. Composition of Securities Appellate Tribunal.

(*2*) Subject to the provisions of this Act,—

(*a*) the jurisdiction of the Securities Appellate Tribunal may be exercised by Benches thereof;

(*b*) a Bench may be constituted by the Presiding Officer of the Securities Appellate Tribunal with two or more Judicial or Technical Members as he may deem fit:

Provided that every Bench constituted shall include at least one Judicial Member and one Technical Member;

(*c*) the Benches of the Securities Appellate Tribunal shall ordinarily sit at Mumbai and may also sit at such other places as the Central Government may, in consultation with the Presiding Officer, notify.

(*3*) Notwithstanding anything contained in sub-section (*2*), the Presiding Officer may transfer a Judicial Member or a Technical Member of the Securities Appellate Tribunal from one Bench to another Bench.";

(*d*) for section 15M, the following sections shall be substituted, namely:—

"15M. A person shall not be qualified for appointment as the Presiding Officer or a Judicial Member or a Technical Member of the Securities Appellate Tribunal, unless he— Qualifications for appointment as Presiding Officers, Judicial Member and Technical Member.

(*a*) is, or has been, a Judge of the Supreme Court or a Chief Justice of a High Court or a Judge of High Court for at least seven years, in the case of the Presiding Officer; and

(*b*) is, or has been, a Judge of High Court for at least five years, in the case of a Judicial Member; or

(*c*) in the case of a Technical Member—

(*i*) is, or has been, a Secretary or an Additional Secretary in the Ministry or Department of the Central Government or any equivalent post in the Central Government or a State Government; or

(*ii*) is a person of proven ability, integrity and standing having special knowledge and professional experience, of not less than fifteen years, in financial sector including securities market or pension funds or commodity derivatives or insurance.

Appointment of Presiding Officer and Judicial Members.

15MA. The Presiding Officer and Judicial Members of the Securities Appellate Tribunal shall be appointed by the Central Government in consultation with the Chief Justice of India or his nominee.

Search-cum-Selection Committee for appointment of Technical Members.

15MB. (*1*) The Technical Members of the Securities Appellate Tribunal shall be appointed by the Central Government on the recommendation of a Search-cum-Selection Committee consisting of the following, namely:—

(*a*) the Presiding Officer, Securities Appellate Tribunal—Chairperson;

(*b*) the Secretary, Department of Economic Affairs—Member;

(*c*) the Secretary, Department of Financial Services—Member; and

(*d*) the Secretary, Legislative Department or Secretary, Department of Legal Affairs—Member.

(*2*) The Secretary, Department of Economic Affairs shall be the Convener of the Search-cum-Selection Committee.

(*3*) The Search-cum-Selection Committee shall determine its procedure for recommending the names of persons to be appointed under sub-section (*1*).

Vacancy not to invalidate selection proceeding.

15MC. (*1*) No appointment of the Presiding Officer, a Judicial Member or a Technical Member of the Securities Appellate Tribunal shall be invalid merely by reason of any vacancy or any defect in the constitution of the Search-cum-Selection Committee.

(*2*) A member or part time member of the Board or the Insurance Regulatory and Development Authority or the Pension Fund Regulatory and Development Authority, or any person at senior management level equivalent to the Executive Director in the Board or in such Authorities, shall not be appointed as Presiding Officer or Member of the Securities Appellate Tribunal, during his service or tenure as such with the Board or with such Authorities, as the case may be, or within two years from the date on which he ceases to hold office as such in the Board or in such Authorities.

(*3*) The Presiding Officer or such other member of the Securities Appellate Tribunal, holding office on the date of commencement of Part VII of Chapter VI of the Finance Act, 2017 shall continue to hold office for such term as he was appointed and the other provisions of this Act shall apply to such Presiding Officer or such other member, as if Part VII of Chapter VI of the Finance Act, 2017 had not been enacted.";

(*e*) for section 15N, the following section shall be substituted, namely:—

Tenure of office of Presiding Officer, Judicial or Technical Members of Securities Appellate Tribunal.

"15N. The Presiding Officer or every Judicial or Technical Member of the Securities Appellate Tribunal shall hold office for a term of five years from the date on which he enters upon his office, and shall be eligible for reappointment for another term of maximum five years:

Provided that no Presiding Officer or the Judicial or Technical Member shall hold office after he has attained the age of seventy years.";

(*f*) after section 15P, the following section shall be inserted, namely:—

Member to act as presiding Officer in certain circumstances.

"15PA. In the event of occurrence of any vacancy in the office of the Presiding Officer of the Securities Appellate Tribunal by reason of his death, resignation or otherwise, the senior-most Judicial Member of the Securities Appellate Tribunal shall act as the Presiding Officer until the date on which a new Presiding Officer is appointed in accordance with the provisions of this Act.";

(*g*) in section 15Q, for sub-section (*2*), the following sub-section shall be substituted, namely:—

"(*2*) The Central Government may, after an inquiry made by the Judge of the Supreme Court, remove the Presiding Officer or Judicial Member or Technical Member of the Securities Appellate Tribunal, if he—

(*a*) is, or at any time has been, adjudged as an insolvent;

(*b*) has become physically or mentally incapable of acting as the Presiding Officer, Judicial or Technical Member;

(*c*) has been convicted of any offence which, in the opinion of the Central Government, involves moral turpitude;

(*d*) has, in the opinion of the Central Government, so abused his position as to render his continuation in office detrimental to the public interest; or

(*e*) has acquired such financial interest or other interest as is likely to affect prejudicially his functions as the Presiding Officer or Judicial or Technical Member:

Provided that he shall not be removed from office under clauses (*d*) and (*e*), unless he has been given a reasonable opportunity of being heard in the matter.";

(*h*) In section 15T,—

(*I*) in sub-section (*1*),—

(*A*) in clause (*b*), for the words "under this Act,", the words "under this Act; or" shall be substituted;

(*B*) after clause (*b*) and before the long line, the following clause shall be inserted, namely:—

"(*c*) by an order of the Insurance Regulatory and Development Authority or the Pension Fund Regulatory and Development Authority,";

(*II*) in sub-section (*3*), after the words "adjudicating officer", the words "or the Insurance Regulatory and Development Authority or the Pension Fund Regulatory and Development Authority" shall be inserted;

(*III*) in sub-section (*5*), after the words "the Board", the words "or the Insurance Regulatory and Development Authority or the Pension Fund Regulatory and Development Authority, as the case may be" shall be inserted;

(*i*) in section 15U, after sub-section (*3*), the following sub-sections shall be inserted, namely:—

"(*4*) Where Benches are constituted, the Presiding Officer of the Securities Appellate Tribunal may, from time to time make provisions as to the distribution of the business of the Securities Appellate Tribunal amongst the Benches and also provide for the matters which may be dealt with, by each Bench.

(*5*) On the application of any of the parties and after notice to the parties, and after hearing such of them as he may desire to be heard, or on his own motion without such notice, the Presiding Officer of the Securities Appellate Tribunal may transfer any case pending before one Bench, for disposal, to any other Bench.

(*6*) If a Bench of the Securities Appellate Tribunal consisting of two members differ in opinion on any point, they shall state the point or points on

which they differ, and make a reference to the Presiding Officer of the Securities Appellate Tribunal who shall either hear the point or points himself or refer the case for hearing only on such point or points by one or more of the other members of the Securities Appellate Tribunal and such point or points shall be decided according to the opinion of the majority of the members of the Securities Appellate Tribunal who have heard the case, including those who first heard it.".

PART VIII

AMENDMENT TO THE FINANCE ACT, 2005

Amendment of Act 18 of 2005.

146. In the Finance Act, 2005, the Seventh Schedule shall be amended in the manner specified in the Seventh Schedule.

PART IX

AMENDMENTS TO THE PAYMENT AND SETTLEMENT SYSTEMS ACT, 2007

Commencement of this Part.

147. The provisions of this Part shall come into force on such date as the Central Government may, by notification, appoint, and different dates may be appointed for different provisions of this Part.

Amendment of Act 51 of 2007.

148. In the Payment and Settlement Systems Act, 2007 (hereafter in this Part referred to as the principal Act), for Chapter II, the following Chapter shall be substituted, namely:– 51 of 2007.

'CHAPTER II

DESIGNATED AUTHORITY

Designated authority.

3. (*1*) The Reserve Bank shall be the designated authority for the regulation and supervision of payment systems under this Act.

(*2*) The Reserve Bank shall exercise the powers, perform the functions and discharge the duties conferred on it under this Act through a Board to be known as the "Payments Regulatory Board".

(*3*) The Board shall consist of the following members, namely:—

(*a*) the Governor of the Reserve Bank—Chairperson, *ex officio*;

(*b*) the Deputy Governor of the Reserve Bank who is in-charge of the Payment and Settlement Systems—Member, *ex officio*;

(*c*) one officer of the Reserve Bank to be nominated by the Central Board of the Reserve Bank—Member, *ex officio*; and

(*d*) three persons to be nominated by the Central Government—Members.

(*4*) The powers and functions of the Board referred to in sub-section (*2*), the time and venue of its meetings, the procedures to be followed in such meetings (including the quorum at such meetings) and other matters incidental thereto shall be such as may be prescribed.'.

Amendment of section 38.

149. In section 38 of the principal Act, in sub-section (*2*), in clause (*a*), for the words, brackets and figure "Committee constituted under sub-section (*2*)", the words, brackets and figure "Board referred to in sub-section (*2*)" shall be substituted.

PART X

AMENDMENTS TO THE FINANCE ACT, 2016

Amendment of Act 28 of 2016.

150. In the Finance Act, 2016,—

(*i*) in section 50, for the words, figures and letters "with effect from the 1st day of April, 2017", the words, figures and letters "and shall be deemed to have been substituted with effect from the 1st day of April, 2013" shall be substituted;

(*ii*) in section 197, clause (*c*) shall be omitted and shall be deemed to have been omitted with effect from the 1st day of June, 2016.

Declaration under the Provisional Collection of Taxes Act, 1931

It is hereby declared that it is expedient in the public interest that the provisions of clauses 109(a), 110, 118 and 146 of this Bill shall have immediate effect under the Provisional Collection of Taxes Act, 1931.

16 of 1931.

THE FIRST SCHEDULE
(*See* section 2)

PART I

INCOME-TAX

Paragraph A

(*I*) In the case of every individual other than the individual referred to in items (II) and (III) of this Paragraph or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (*vii*) of clause (*31*) of section 2 of the Income-tax Act, not being a case to which any other Paragraph of this Part applies,—

Rates of income-tax

(*1*) where the total income does not exceed Rs. 2,50,000	*Nil;*
(*2*) where the total income exceeds Rs. 2,50,000 but does not exceed Rs. 5,00,000	10 per cent. of the amount by which the total income exceeds Rs. 2,50,000;
(*3*) where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000	Rs. 25,000 *plus* 20 per cent. of the amount by which the total income exceeds Rs. 5,00,000;
(*4*) where the total income exceeds Rs. 10,00,000	Rs. 1,25,000 *plus* 30 per cent. of the amount by which the total income exceeds Rs. 10,00,000.

(*II*) In the case of every individual, being a resident in India, who is of the age of sixty years or more but less than eighty years at any time during the previous year,—

Rates of income-tax

(*1*) where the total income does not exceed Rs. 3,00,000	*Nil;*
(*2*) where the total income exceeds Rs. 3,00,000 but does not exceed Rs. 5,00,000	10 per cent. of the amount by which the total income exceeds Rs. 3,00,000;
(*3*) where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000	Rs. 20,000 *plus* 20 per cent. of the amount by which the total income exceeds Rs. 5,00,000;
(*4*) where the total income exceeds Rs. 10,00,000	Rs. 1,20,000 *plus* 30 per cent. of the amount by which the total income exceeds Rs. 10,00,000.

(*III*) In the case of every individual, being a resident in India, who is of the age of eighty years or more at any time during the previous year,—

Rates of income-tax

(*1*) where the total income does not exceed Rs. 5,00,000	*Nil;*
(*2*) where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000	20 per cent. of the amount by which the total income exceeds Rs. 5,00,000;
(*3*) where the total income exceeds Rs. 10,00,000	Rs. 1,00,000 *plus* 30 per cent. of the amount by which the total income exceeds Rs. 10,00,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or the provisions of section 111A or section 112 of the Income-tax Act, shall, in the case of every individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in

sub-clause (*vii*) of clause (*31*) of section 2 of the Income-tax Act, having a total income exceeding one crore rupees, be increased by a surcharge for the purpose of the Union calculated at the rate of fifteen per cent. of such income-tax:

Provided that in the case of persons mentioned above having total income exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

Paragraph B

In the case of every co-operative society,—

Rates of income-tax

(*1*) where the total income does not exceed Rs.10,000	10 per cent. of the total income;
(*2*) where the total income exceeds Rs.10,000 but does not exceed Rs. 20,000	Rs.1,000 *plus* 20 per cent. of the amount by which the total income exceeds Rs.10,000;
(*3*) where the total income exceeds Rs. 20,000	Rs. 3,000 *plus* 30 per cent. of the amount by which the total income exceeds Rs. 20,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or the provisions of section 111A or section 112 of the Income-tax Act, shall, in the case of every co-operative society, having a total income exceeding one crore rupees, be increased by a surcharge for the purposes of the Union calculated at the rate of twelve per cent. of such income-tax:

Provided that in the case of every co-operative society mentioned above having total income exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

Paragraph C

In the case of every firm,—

Rate of income-tax

On the whole of the total income	30 per cent.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or the provisions of section 111A or section 112 of the Income-tax Act, shall, in the case of every firm, having a total income exceeding one crore rupees, be increased by a surcharge for the purposes of the Union calculated at the rate of twelve per cent. of such income-tax:

Provided that in the case of every firm mentioned above having total income exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

Paragraph D

In the case of every local authority,—

Rate of income-tax

On the whole of the total income	30 per cent.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or the provisions of section 111A or section 112 of the Income-tax Act, shall, in the case of every local authority, having a total income exceeding one crore rupees, be increased by a surcharge for the purposes of the Union calculated at the rate of twelve per cent. of such income-tax:

Provided that in the case of every local authority mentioned above having total income exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

Paragraph E

In the case of a company,—

Rates of income-tax

I. In the case of a domestic company,

(i) where its total turnover or the gross receipt in the previous year 2014-15 does not exceed five crore rupees; — 29 per cent. of the total income;

(ii) other than that referred to in item (i) — 30 per cent. of the total income;

II. In the case of a company other than a domestic company,—

(*i*) on so much of the total income as consists of,—

(*a*) royalties received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1961 but before the 1st day of April, 1976; or

(*b*) fees for rendering technical services received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 29th day of February, 1964 but before the 1st day of April, 1976,

and where such agreement has, in either case, been approved by the Central Government — 50 per cent.;

(*ii*) on the balance, if any, of the total income — 40 per cent.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or the provisions of section 111A or section 112 of the Income-tax Act, shall, be increased by a surcharge for the purposes of the Union calculated,—

(*i*) in the case of every domestic company,—

(*a*) having a total income exceeding one crore rupees but not exceeding ten crore rupees, at the rate of seven per cent. of such income-tax; and

(*b*) having a total income exceeding ten crore rupees, at the rate of twelve per cent. of such income-tax;

(*ii*) in the case of every company other than a domestic company,—

(*a*) having a total income exceeding one crore rupees but not exceeding ten crore rupees, at the rate of two per cent. of such income-tax; and

(*b*) having a total income exceeding ten crore rupees, at the rate of five per cent. of such income-tax:

Provided that in the case of every company having a total income exceeding one crore rupees but not exceeding ten crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees:

Provided further that in the case of every company having a total income exceeding ten crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax and surcharge on a total income of ten crore rupees by more than the amount of income that exceeds ten crore rupees.

PART II

RATES FOR DEDUCTION OF TAX AT SOURCE IN CERTAIN CASES

In every case in which under the provisions of sections 193, 194, 194A, 194B, 194BB, 194D , 194LBA, 194LBB, 194LBC and 195 of the Income-tax Act, tax is to be deducted at the rates in force, deduction shall be made from the income subject to the deduction at the following rates:—

	Rate of income-tax
1. In the case of a person other than a company—	
(*a*) where the person is resident in India—	
(*i*) on income by way of interest other than "Interest on securities"	10 per cent.;
(*ii*) on income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort	20 per cent.;
(*iii*) on income by way of winnings from horse races	30 per cent.;
(*iv*) on income by way of insurance commission	5 per cent.;
(*v*) on income by way of interest payable on—	10 per cent.;
(*A*) any debentures or securities for money issued by or on behalf of any local authority or a corporation established by a Central, State or Provincial Act;	
(*B*) any debentures issued by a company where such debentures are listed on a recognised stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and any rules made thereunder;	
(*C*) any security of the Central or State Government;	
(*vi*) on any other income	10 per cent.;
(*b*) where the person is not resident in India—	
(*i*) in the case of a non-resident Indian—	
(*A*) on any investment income	20 per cent.;
(*B*) on income by way of long-term capital gains referred to in section 115E or sub-clause (*iii*) of clause (*c*) of sub-section (*1*) of section 112	10 per cent.;
(*C*) on income by way of short-term capital gains referred to in section 111A	15 per cent.;
(*D*) on other income by way of long-term capital gains [not being long-term capital gains referred to in clauses (*33*), (*36*) and (*38*) of section 10]	20 per cent.;
(*E*) on income by way of interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency (not being income by way of interest referred to in section 194LB or section 194LC)	20 per cent.;
(*F*) on income by way of royalty payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern where such royalty is in consideration for the transfer of all or any rights (including the granting of a licence)	10 per cent.;

	Rate of income-tax
in respect of copyright in any book on a subject referred to in the first proviso to sub-section (*1A*) of section 115A of the Income-tax Act, to the Indian concern, or in respect of any computer software referred to in the second proviso to sub-section (*1A*) of section 115A of the Income-tax Act, to a person resident in India	
(*G*) on income by way of royalty [not being royalty of the nature referred to in sub-item (*b*)(*i*)(*F*)] payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy	10 per cent.;
(*H*) on income by way of fees for technical services payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy	10 per cent.;
(*I*) on income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort	30 per cent.;
(*J*) on income by way of winnings from horse races	30 per cent.;
(*K*) on the whole of the other income	30 per cent.;
(*ii*) in the case of any other person—	
(*A*) on income by way of interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency (not being income by way of interest referred to in section 194LB or section 194LC)	20 per cent.;
(*B*) on income by way of royalty payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern where such royalty is in consideration for the transfer of all or any rights (including the granting of a licence) in respect of copyright in any book on a subject referred to in the first proviso to sub-section (*1A*) of section 115A of the Income-tax Act, to the Indian concern, or in respect of any computer software referred to in the second proviso to sub-section (*1A*) of section 115A of the Income-tax Act, to a person resident in India	10 per cent.;
(*C*) on income by way of royalty [not being royalty of the nature referred to in sub-item (*b*)(*ii*)(*B*)] payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy	10 per cent.;
(*D*) on income by way of fees for technical services payable by Government or an Indian concern in pursuance of an agreement made	10 per cent.;

	Rate of income-tax
by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy	
(*E*) on income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort	30 per cent.;
(*F*) on income by way of winnings from horse races	30 per cent.;
(*G*) on income by way of short-term capital gains referred to in section 111A	15 per cent.;
(*H*) on income by way of long-term capital gains referred to in sub-clause (*iii*) of clause (*c*) of sub-section (*1*) of section 112	10 per cent.;
(*I*) on income by way of other long-term capital gains [not being long-term capital gains referred to in clauses (*33*), (*36*) and (*38*) of section 10]	20 per cent.;
(*J*) on the whole of the other income	30 per cent.;
2. In the case of a company—	
(*a*) where the company is a domestic company—	
(*i*) on income by way of interest other than "Interest on securities"	10 per cent.;
(*ii*) on income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort	30 per cent.;
(*iii*) on income by way of winnings from horse races	30 per cent.;
(*iv*) on any other income	10 per cent.;
(*b*) where the company is not a domestic company—	
(*i*) on income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort	30 per cent.;
(*ii*) on income by way of winnings from horse races	30 per cent.;
(*iii*) on income by way of interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency (not being income by way of interest referred to in section 194LB or section 194LC)	20 per cent.;
(*iv*) on income by way of royalty payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1976 where such royalty is in consideration for the transfer of all or any rights (including the granting of a licence) in respect of copyright in any book on a subject referred to in the first proviso to sub-section (*1A*) of section 115A of the Income-tax Act, to the Indian concern, or in respect of any computer software referred to in the second proviso to sub-section (*1A*) of section 115A of the Income-tax Act, to a person resident in India	10 per cent.;
(*v*) on income by way of royalty [not being royalty of the nature referred to in sub-item (*b*)(*iv*)] payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian	

	Rate of income-tax
concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy—	
(*A*) where the agreement is made after the 31st day of March, 1961 but before the 1st day of April, 1976	50 per cent.;
(*B*) where the agreement is made after the 31st day of March, 1976	10 per cent.;
(*vi*) on income by way of fees for technical services payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy—	
(*A*) where the agreement is made after the 29th day of February, 1964 but before the 1st day of April, 1976	50 per cent.;
(*B*) where the agreement is made after the 31st day of March, 1976	10 per cent.;
(*vii*) on income by way of short-term capital gains referred to in section 111A	15 per cent.;
(*viii*) on income by way of long-term capital gains referred to in sub-clause (*iii*) of clause (*c*) of sub-section (*1*) of section 112	10 per cent.;
(*ix*) on income by way of other long-term capital gains [not being long-term capital gains referred to in clauses (*33*), (*36*) and (*38*) of section 10]	20 per cent.;
(*x*) on any other income	40 per cent.;

Explanation.— For the purposes of item 1(*b*)(*i*) of this Part, "investment income" and "non-resident Indian" shall have the meanings assigned to them in Chapter XII-A of the Income-tax Act.

Surcharge on income-tax

The amount of income-tax deducted in accordance with the provisions of—

(*i*) item 1 of this Part, shall be increased by a surcharge, for the purposes of the Union,—

(*a*) in the case of every individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (*vii*) of clause (*31*) of section 2 of the Income-tax Act, being a non-resident, calculated,—

I. at the rate of ten per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds fifty lakh rupees but does not exceed one crore rupees;

II. at the rate of fifteen per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees; and

(*b*) in the case of every co-operative society or firm, being a non-resident, calculated at the rate of twelve per cent., where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees.

(*ii*) Item 2 of this Part shall be increased by a surcharge, for purposes of the Union, in the case of every company other than a domestic company, calculated,—

(*a*) at the rate of two per cent. of such income-tax where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees but does not exceed ten crore rupees; and

(*b*) at the rate of five per cent. of such income-tax where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds ten crore rupees.

PART III

RATES FOR CHARGING INCOME-TAX IN CERTAIN CASES, DEDUCTING INCOME-TAX FROM INCOME CHARGEABLE UNDER THE HEAD "SALARIES" AND COMPUTING "ADVANCE TAX"

In cases in which income-tax has to be charged under sub-section (*4*) of section 172 of the Income-tax Act or sub-section (*2*) of section 174 or section 174A or section 175 or sub-section (*2*) of section 176 of the said Act or deducted from, or paid on, from income chargeable under the head "Salaries" under section 192 of the said Act or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed at the rate or rates in force, such income-tax or, as the case may be, "advance tax" [not being "advance tax" in respect of any income chargeable to tax under Chapter XII or Chapter XII-A or income chargeable to tax under section 115JB or section 115JC or Chapter XII-FA or Chapter XII-FB or sub-section (*1A*) of section 161 or section 164 or section 164A or section 167B of the Income-tax Act at the rates as specified in that Chapter or section or surcharge, wherever applicable, on such "advance tax" in respect of any income chargeable to tax under section 115A or section 115AB or section 115AC or section 115ACA or section 115AD or section 115B or section 115BA or section 115BB or section 115BBA or section 115BBC or section 115BBD or section 115BBDA or section 115BBE or section 115BBF or section 115BBG or section 115E or section 115JB or section 115JC] shall be charged, deducted or computed at the following rate or rates:—

Paragraph A

(*I*) In the case of every individual other than the individual referred to in items (II) and (III) of this Paragraph or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (*vii*) of clause (*31*) of section 2 of the Income-tax Act, not being a case to which any other Paragraph of this Part applies,—

Rates of income-tax

(*1*) where the total income does not exceed Rs. 2,50,000	*Nil;*
(*2*) where the total income exceeds Rs. 2,50,000 but does not exceed Rs. 5,00,000	5 per cent. of the amount by which the total income exceeds Rs. 2,50,000;
(*3*) where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000	Rs. 12,500 *plus* 20 per cent. of the amount by which the total income exceeds Rs. 5,00,000;
(*4*) where the total income exceeds Rs. 10,00,000	Rs. 1,12,500 *plus* 30 per cent. of the amount by which the total income exceeds Rs. 10,00,000.

(*II*) In the case of every individual, being a resident in India, who is of the age of sixty years or more but less than eighty years at any time during the previous year,—

Rates of income-tax

(*1*) where the total income does not exceed Rs. 3,00,000	*Nil;*
(*2*) where the total income exceeds Rs. 3,00,000 but does not exceed Rs. 5,00,000	5 per cent. of the amount by which the total income exceeds Rs. 3,00,000;
(*3*) where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000	Rs. 10,000 *plus* 20 per cent. of the amount by which the total income exceeds Rs. 5,00,000;
(*4*) where the total income exceeds Rs. 10,00,000	Rs. 1,10,000 *plus* 30 per cent. of the amount by which the total income exceeds Rs. 10,00,000.

(*III*) In the case of every individual, being a resident in India, who is of the age of eighty years or more at any time during the previous year,—

Rates of income-tax

(*1*) where the total income does not exceed Rs. 5,00,000	*Nil;*
(*2*) where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000	20 per cent. of the amount by which the total income exceeds Rs. 5,00,000;
(*3*) where the total income exceeds Rs. 10,00,000	Rs. 1,00,000 *plus* 30 per cent. of the amount by which the total income exceeds Rs. 10,00,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or the provisions of section 111A or section 112 of the Income-tax Act, shall be increased by a surcharge for the purposes of the Union, calculated, in the case of every individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (*vii*) of clause (*31*) of section 2 of the Income-tax Act,—

(*a*) having a total income exceeding fifty lakh rupees but not exceeding one crore rupees, at the rate of ten per cent. of such income-tax; and

(*b*) having a total income exceeding one crore rupees, at the rate of fifteen per cent. of such income-tax:

Provided that in the case of persons mentioned above having total income exceeding,—

(*a*) fifty lakh rupees but not exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of fifty lakh rupees by more than the amount of income that exceeds fifty lakh rupees;

(*b*) one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax and surcharge on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

Paragraph B

In the case of every co-operative society,—

Rates of income-tax

(*1*) where the total income does not exceed Rs. 10,000	10 per cent. of the total income;
(*2*) where the total income exceeds Rs. 10,000 but does not exceed Rs. 20,000	Rs. 1,000 *plus* 20 per cent. of the amount by which the total income exceeds Rs. 10,000;
(*3*) where the total income exceeds Rs. 20,000	Rs. 3,000 *plus* 30 per cent. of the amount by which the total income exceeds Rs. 20,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or the provisions of section 111A or section 112 of the Income-tax Act, shall, in the case of every co-operative society, having a total income exceeding one crore rupees, be increased by a surcharge for the purposes of the Union calculated at the rate of twelve per cent. of such income-tax:

Provided that in the case of every co-operative society mentioned above having total income exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

Paragraph C

In the case of every firm,—

Rate of income-tax

On the whole of the total income	30 per cent.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or the provisions of section 111A or section 112 of the Income-tax Act, shall, in the case of every firm, having a total income exceeding one crore rupees, be increased by a surcharge for the purposes of the Union calculated at the rate of twelve per cent. of such income-tax:

Provided that in the case of every firm mentioned above having total income exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

Paragraph D

In the case of every local authority,—

Rate of income-tax

On the whole of the total income	30 per cent.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or the provisions of section 111A or section 112 of the Income-tax Act, shall, in the case of every local authority, having a total income exceeding one crore rupees, be increased by a surcharge for the purposes of the Union calculated at the rate of twelve per cent.of such income-tax:

Provided that in the case of every local authority mentioned above having total income exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

Paragraph E

In the case of a company,—

Rates of income-tax

I. In the case of a domestic company,—

(*i*) where its total turnover or the gross receipt in the previous year 2015-16 does not exceed fifty crore rupees;	25 per cent of the total income;
(*ii*) other than that referred to in item (*i*)	30 per cent of the total income;

II. In the case of a company other than a domestic company—

(*i*) on so much of the total income as consists of,—

(*a*) royalties received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1961 but before the 1st day of April, 1976; or

(*b*) fees for rendering technical services received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 29th day of February, 1964 but before the 1st day of April, 1976,

and where such agreement has, in either case, been approved by the Central Government	50 per cent;
(*ii*) on the balance, if any, of the total income	40 per cent;

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or the provisions of section 111A or section 112 of the Income-tax Act, shall, be increased by a surcharge for the purposes of the Union, calculated,—

(*i*) in the case of every domestic company,—

(*a*) having a total income exceeding one crore rupees but not exceeding ten crore rupees, at the rate of seven per cent. of such income-tax; and

(*b*) having a total income exceeding ten crore rupees, at the rate of twelve per cent. of such income-tax.

(*ii*) in the case of every company other than a domestic company,—

(*a*) having a total income exceeding one crore rupees but not exceeding ten crore rupees, at the rate of two per cent. of such income-tax; and

(*b*) having a total income exceeding ten crore rupees, at the rate of five per cent. of such income-tax:

Provided that in the case of every company having a total income exceeding one crore rupees but not exceeding ten crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees:

Provided further that in the case of every company having a total income exceeding ten crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax and surcharge on a total income of ten crore rupees by more than the amount of income that exceeds ten crore rupees.

PART IV

[*See* section *2*(*13*)(*c*)]

RULES FOR COMPUTATION OF NET AGRICULTURAL INCOME

Rule 1.—Agricultural income of the nature referred to in sub-clause (*a*) of clause (*1A*) of section 2 of the Income-tax Act shall be computed as if it were income chargeable to income-tax under that Act under the head "Income from other sources" and the provisions of sections 57 to 59 of that Act shall, so far as may be, apply accordingly:

Provided that sub-section (*2*) of section 58 shall apply subject to the modification that the reference to section 40A therein shall be construed as not including a reference to sub-sections (*3*), (*3A*) and (*4*) of section 40A.

Rule 2.—Agricultural income of the nature referred to in sub-clause (*b*) or sub-clause (*c*) of clause (*1A*) of section 2 of the Income-tax Act [other than income derived from any building required as a dwelling-house by the receiver of the rent or revenue of the cultivator or the receiver of rent-in-kind referred to in the said sub-clause (*c*)] shall be computed as if it were income chargeable to income-tax under that Act under the head "Profits and gains of business or profession" and the provisions of sections 30, 31, 32, 36, 37, 38, 40, 40A [other than sub-sections (*3*), (*3A*) and (*4*) thereof], 41, 43, 43A, 43B and 43C of the Income-tax Act shall, so far as may be, apply accordingly.

Rule 3.—Agricultural income of the nature referred to in sub-clause (*c*) of clause (*1A*) of section 2 of the Income-tax Act, being income derived from any building required as a dwelling-house by the receiver of the rent or revenue or the cultivator or the receiver of rent-in-kind referred to in the said sub-clause (*c*) shall be computed as if it were income chargeable to income-tax under that Act under the head "Income from house property" and the provisions of sections 23 to 27 of that Act shall, so far as may be, apply accordingly.

Rule 4.—Notwithstanding anything contained in any other provisions of these rules, in a case—

(*a*) where the assessee derives income from sale of tea grown and manufactured by him in India, such income shall be computed in accordance with rule 8 of the Income-tax Rules, 1962, and sixty per cent. of such income shall be regarded as the agricultural income of the assessee;

(*b*) where the assessee derives income from sale of centrifuged latex or cenex or latex based crepes (such as pale latex crepe) or brown crepes (such as estate brown crepe, re-milled crepe, smoked blanket crepe or flat bark crepe) or technically specified block rubbers manufactured or processed by him from rubber plants grown by him in India, such income shall be computed in accordance with rule 7A of the Income-tax Rules, 1962, and sixty-five per cent. of such income shall be regarded as the agricultural income of the assessee;

(*c*) where the assessee derives income from sale of coffee grown and manufactured by him in India, such income shall be computed in accordance with rule 7B of the Income-tax Rules, 1962, and sixty per cent. or seventy-five per cent., as the case may be, of such income shall be regarded as the agricultural income of the assessee.

Rule 5.—Where the assessee is a member of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) which in the previous year has either no income chargeable to tax under the

Income-tax Act or has total income not exceeding the maximum amount not chargeable to tax in the case of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) but has any agricultural income then, the agricultural income or loss of the association or body shall be computed in accordance with these rules and the share of the assessee in the agricultural income or loss so computed shall be regarded as the agricultural income or loss of the assessee.

Rule 6.—Where the result of the computation for the previous year in respect of any source of agricultural income is a loss, such loss shall be set off against the income of the assessee, if any, for that previous year from any other source of agricultural income:

Provided that where the assessee is a member of an association of persons or a body of individuals and the share of the assessee in the agricultural income of the association or body, as the case may be, is a loss, such loss shall not be set off against any income of the assessee from any other source of agricultural income.

Rule 7.—Any sum payable by the assessee on account of any tax levied by the State Government on the agricultural income shall be deducted in computing the agricultural income.

Rule 8.—(*1*) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 2017, any agricultural income and the net result of the computation of the agricultural income of the assessee for any one or more of the previous years relevant to the assessment years commencing on the 1st day of April, 2009 or the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012 or the 1st day of April, 2013 or the 1st day of April, 2014 or the 1st day of April, 2015 or the 1st day of April, 2016, is a loss, then, for the purposes of sub-section (*2*) of section 2 of this Act,—

(*i*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2009, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012 or the 1st day of April, 2013 or the 1st day of April, 2014 or the 1st day of April, 2015 or the 1st day of April, 2016,

(*ii*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2010, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2011 or the 1st day of April, 2012 or the 1st day of April, 2013 or the 1st day of April, 2014 or the 1st day of April, 2015 or the 1st day of April, 2016,

(*iii*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2011, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2012 or the 1st day of April, 2013 or the 1st day of April, 2014 or the 1st day of April, 2015 or the 1st day of April, 2016,

(*iv*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2012, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2013 or the 1st day of April, 2014 or the 1st day of April, 2015 or the 1st day of April, 2016,

(*v*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2013, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2014 or the 1st day of April, 2015 or the 1st day of April, 2016,

(*vi*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2014, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2015 or the 1st day of April, 2016,

(*vii*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2015, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2016,

(*viii*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2016,

shall be set off against the agricultural income of the assessee for the previous year relevant to the assessment year commencing on the 1st day of April, 2017.

(*2*) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 2018, or, if by virtue of any provision of the Income-tax Act, income-tax is to be charged in respect of the income of a period other than the previous year, in such other period, any agricultural income and the net result of the computation of the agricultural income of the assessee for any one or more of the previous years relevant to the assessment years commencing on the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012 or the 1st day of April, 2013 or the 1st day of April, 2014 or the 1st day of April, 2015 or the 1st day of April, 2016 or the 1st day of April, 2017, is a loss, then, for the purposes of sub-section (*10*) of section 2 of this Act,—

(*i*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2010, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2011 or the 1st day of April, 2012 or the 1st day of April, 2013 or the 1st day of April, 2014 or the 1st day of April, 2015 or the 1st day of April, 2016 or the 1st day of April, 2017,

(*ii*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2011, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2012 or the 1st day of April, 2013 or the 1st day of April, 2014 or the 1st day of April, 2015 or the 1st day of April, 2016 or the 1st day of April, 2017,

(*iii*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2012, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2013 or the 1st day of April, 2014 or the 1st day of April, 2015 or the 1st day of April, 2016 or the 1st day of April, 2017,

(*iv*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2013, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2014 or the 1st day of April, 2015 or the 1st day of April, 2016 or the 1st day of April, 2017,

(*v*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2014, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2015 or the 1st day of April, 2016 or the 1st day of April, 2017,

(*vi*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2015, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2016 or the 1st day of April, 2017,

(*vii*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2016, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2017,

(*viii*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2017,

shall be set off against the agricultural income of the assessee for the previous year relevant to the assessment year commencing on the 1st day of April, 2018.

(*3*) Where any person deriving any agricultural income from any source has been succeeded in such capacity by another person, otherwise than by inheritance, nothing in sub-rule (*1*) or sub-rule (*2*) shall entitle any person, other than the person incurring the loss, to have it set off under sub-rule (*1*) or, as the case may be, sub-rule (*2*).

(*4*) Notwithstanding anything contained in this rule, no loss which has not been determined by the Assessing Officer under the provisions of these rules or the rules contained in the First Schedule to the Finance (No. 2) Act, 2009 (33 of 2009) or the First Schedule to the Finance Act, 2010 (14 of 2010) or the First Schedule to the Finance Act, 2011 (8 of 2011) or the First Schedule to the Finance Act, 2012 (23 of 2012) or the First Schedule to the Finance Act, 2013 (17 of 2013) or the First Schedule to the Finance (No. 2) Act, 2014 (25 of 2014) or the First Schedule to the Finance Act, 2015

(20 of 2015) or the First Schedule to the Finance Act, 2016 (28 of 2016) shall be set off under sub-rule (*1*) or, as the case may be, sub-rule (*2*).

Rule 9.—Where the net result of the computation made in accordance with these rules is a loss, the loss so computed shall be ignored and the net agricultural income shall be deemed to be *nil.*

Rule 10.—The provisions of the Income-tax Act relating to procedure for assessment (including the provisions of section 288A relating to rounding off of income) shall, with the necessary modifications, apply in relation to the computation of the net agricultural income of the assessee as they apply in relation to the assessment of the total income.

Rule 11.—For the purposes of computing the net agricultural income of the assessee, the Assessing Officer shall have the same powers as he has under the Income-tax Act for the purposes of assessment of the total income.

THE SECOND SCHEDULE

[*See* section 109(*a*)]

In the First Schedule to the Customs Tariff Act,—

(*a*) in Chapter 20, for the entry in column (4) occurring against tariff item 2008 19 10, the entry "45%" shall be substituted;

(*b*) in Chapter 84, for the entry in column (4) occurring against tariff item 8421 99 00, the entry "10%" shall be substituted.

THE THIRD SCHEDULE

[*See* section 109(*b*)]

In the First Schedule to the Customs Tariff Act,—

Tariff item	Description of goods.	Unit	Rate of Duty	
			Standard	Preferential
(1)	(2)	(3)	(4)	(5)
	(1) in Chapter 11, for tariff item 1106 10 00 and the entries relating thereto, the following shall be substituted, namely:—			
"1106 10	- Of the dried leguminous vegetables of heading 0713			
1106 10 10	--- Guar Meal	kg.	30%	-
1106 10 90	--- Others	kg.	30%	-";
	(2) in Chapter 13, tariff items 1302 32 10 and 1302 32 20 and the entries relating thereto shall be omitted;			
	(3) in Chapter 15, after tariff item 1511 90 20 and the entries relating thereto, the following tariff item and entries shall be inserted, namely:—			
"1511 90 30	--- Refined bleached deodorised palm stearin	kg.	100%	90%";
	(4) in Chapter 38,—			
	(*a*) in heading 3823, for sub-heading 3823 11 and tariff items 3823 11 11 to 3823 11 90 and the entries relating thereto, the following shall be substituted, namely:—			
"3823 11 00	-- Stearic acid	kg.	30%	-";
	(*b*) in heading 3824, against tariff item 3824 88 00 , in column (2), for the words "hexa-hepta-", the words "hexa- , hepta-" shall be substituted;			
	(5) in Chapter 39, in heading 3904, for sub-heading 3904 00 and tariff items 3904 10 10 and 3904 10 90, sub-heading 3904 21, tariff items 3904 21 10 and 3904 21 90 and sub-heading 3904 22, tariff items 3904 22 10 and 3904 22 90 and the entries relating thereto, the following shall be substituted, namely:—			
"3904 10	***- Poly (vinyl chloride), not mixed with any other substances:***			
3904 10 10	--- Emulsion grade PVC resin / PVC Paste resin/ PVC dispersion resin	kg.	10%	-
3904 10 20	--- Suspension grade PVC resin	kg.	10%	-
3904 10 90	--- Other	kg.	10%	-
	- Other poly (vinyl chloride), mixed with other substances:			
3904 21 00	-- Non-plasticised	kg.	10%	-
3904 22 00	-- Plasticised	kg.	10%	-";
	(6) in Chapter 44, against tariff item 4401 22 00, in column (2), for the words "agglomerated, in logs", the words "agglomerated in logs" shall be substituted;			
	(7) in Chapter 48, in Note 4, for the word "apply", the word "applies" shall be substituted;			
	(8) in Chapter 54, tariff items 5402 59 10 and 5402 69 30 and the entries relating thereto shall be omitted;			
	(9) in Chapter 63, in sub-heading Note, for the words "from fabrics", the words "from warp knit fabrics" shall be substituted;			

(10) in Chapter 98,—

(*i*) in Chapter Note 4, for clauses (*b*) and (*c*), the following clauses shall be substituted, namely:—

"(b) alcoholic beverages; and

(c) tobacco and manufactured products thereof.";

(*ii*) for the entry in column (2) occurring against heading 9804, the entry "All dutiable goods imported for personal use" shall be substituted.

THE FOURTH SCHEDULE

(*See* section 110)

In the Second Schedule to the Customs Tariff Act, after Sl. No. 23B and the entries relating thereto, the following Sl. No. and entries shall be inserted, namely:—

(1)	(2)	(3)	(4)
"23C	2606 00 90	Other aluminium ores and concentrates	30%".

THE FIFTH SCHEDULE

(*See* section 118)

In the First Schedule to the Central Excise Tariff Act, in Chapter 24,—

(*a*) for the entry in column (4) occurring against tariff items 2402 10 10 and 2402 10 20, the entry "12.5% or Rs.4006 per thousand, whichever is higher" shall be substituted;

(*b*) for the entry in column (4) occurring against tariff item 2402 90 10, the entry "Rs.4006 per thousand" shall be substituted;

(*c*) for the entry in column (4) occurring against tariff items 2402 90 20 and 2402 90 90, the entry "12.5% or Rs.4006 per thousand, whichever is higher" shall be substituted.

THE SIXTH SCHEDULE

(*See* section 128)

Sl. No.	Provisions of the Service Tax (Determination of Value) Rules, 2006 to be amended	Amendment	Period of effect of amendment
(1)	(2)	(3)	(4)
1.	Rule 2A as inserted by notification number G.S.R. 375*(E)*, dated the 22nd May, 2007 [29/2007– Service Tax, dated the 22nd May, 2007].	In the Service Tax (Determination of Value) Rules, 2006, in rule 2A,—	
		(I) in sub-rule (*1*), in clause (*i*), after the words "value of transfer of property in goods", the words "or in goods and land or undivided share of land, as the case may be," shall be inserted;	1st day of July, 2010 to 30th day of June, 2012 (both days inclusive).
		(II) after sub-rule (*1*), the following sub-rule shall be inserted, namely:—	1st day of July, 2010 to 30th day of June, 2012 (both days inclusive).
		"(*2*) Where the value has not been determined under sub-rule (*1*) and the gross amount charged includes the value of goods as well as land or undivided share of land, the service tax shall be payable on twenty-five per cent. of the gross amount charged for the works contract, subject to the following conditions, namely:—	
		(*i*) the CENVAT Credit of duty paid on inputs or capital goods or the CENVAT Credit of service tax on input services, used for providing such taxable service, has not been taken under the provisions of the CENVAT Credit Rules, 2004;	
		(*ii*) the service provider has not availed the benefit under the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 12/ 2003-Service Tax, dated the 20th June, 2003 [G.S.R. 503(*E*), dated the 20th June, 2003].	
		Explanation.—For the purposes of this sub-rule, the gross amount charged shall include the value of goods and materials supplied or provided or used for providing the taxable service by the service provider.".	
2.	Rule 2A as substituted by notification number G.S.R. 431*(E)*, dated the 6th June, 2012. [24/2012– Service Tax, dated the 6th June, 2012].	In the Service Tax (Determination of Value) Rules, 2006, in rule 2A,—	
		(I) in clause (*i*), after the words "value of property in goods", the words "or in goods and land or undivided share of land, as the case may be," shall be inserted;	1st day of July, 2012 onwards.

(1)	(2)	(3)	(4)
		(II) in clause (*ii*), in sub-clause (*A*),—	
		(*a*) the following proviso shall be inserted, namely:—	1st day of July, 2012 to 28th day of February, 2013 (both days inclusive).
		"Provided that where the amount charged for works contract includes the value of goods as well as land or undivided share of land, the service tax shall be payable on twenty-five per cent. of the total amount charged for the works contract.";	
		(*b*) for the proviso, the following provisos shall be substituted, namely:—	1st day of March, 2013 to 7th day of May, 2013 (both days inclusive).
		"Provided that where the amount charged for works contract includes the value of goods as well as land or undivided share of land, the service tax shall be payable on thirty per cent. of the total amount charged for the works contract:	
		Provided further that in case of works contract for construction of residential units having carpet area up to 2000 square feet or where the amount charged per residential unit from service recipient is less than rupees one crore and the amount charged for the works contract includes the value of goods as well as land or undivided share of land, the service tax shall be payable on twenty-five per cent. of the total amount charged for the works contract.";	
		(*c*) for the provisos, the following provisos shall be substituted, namely:—	8th day of May, 2013 to 31st day of March, 2016 (both days inclusive).
		"Provided that where the amount charged for works contract includes the value of goods as well as land or undivided share of land, the service tax shall be payable on thirty per cent. of the total amount charged for the works contract:	
		Provided further that in case of works contract for construction of residential units having carpet area up to 2000 square feet and where the amount charged per residential unit from service recipient is less than rupees one crore and the amount charged for the works contract includes the value of goods as well as land or undivided share of land, the service tax shall be payable on twenty-five per cent. of the total amount charged for the works contract.";	
		(*d*) for the provisos, the following proviso shall be substituted, namely:—	1st day of April, 2016 onwards.
		"Provided that where the amount charged for works contract includes the value of goods as well as land or undivided share of land, the service tax shall be payable on thirty per cent. of the total amount charged for the works contract.".	

THE SEVENTH SCHEDULE

(*See* section 146)

In the Seventh Schedule to the Finance Act, 2005,—

(*a*) for the entry in column (4) occurring against tariff item 2402 20 10, the entry "Rs.311 per thousand" shall be substituted;

(*b*) for the entry in column (4) occurring against tariff item 2402 20 20, the entry "Rs.541 per thousand" shall be substituted;

(*c*) for the entry in column (4) occurring against tariff item 2402 20 30, the entry "Rs.311 per thousand" shall be substituted;

(*d*) for the entry in column (4) occurring against tariff item 2402 20 40, the entry "Rs.386 per thousand" shall be substituted;

(*e*) for the entry in column (4) occurring against tariff item 2402 20 50, the entry "Rs.541 per thousand" shall be substituted;

(*f*) for the entry in column (4) occurring against tariff item 2402 20 90, the entry "Rs.811 per thousand" shall be substituted;

(*g*) for the entry in column (4) occurring against tariff items 2403 99 10, 2403 99 30 and 2403 99 90, the entry "12%" shall be substituted.

STATEMENT OF OBJECTS AND REASONS

The object of the Bill is to give effect to the financial proposals of the Central Government for the financial year 2017-2018. The notes on clauses explain the various provisions contained in the Bill.

ARUN JAITLEY.

NEW DELHI;

The 28*th January*, 2017.

PRESIDENT'S RECOMMENDATION UNDER ARTICLES 117 AND 274 OF THE CONSTITUTION OF INDIA

[Copy of letter No.F.2(1)-B(D)/2017, dated the 28th January, 2017 from Shri Arun Jaitley, Minister of Finance, to the Secretary-General, Lok Sabha.]

The President, having been informed of the subject matter of the proposed Bill, recommends, under clauses (1) and (3) of article 117, read with clause (1) of article 274, of the Constitution of India, the introduction of the Finance Bill, 2017 to the Lok Sabha and also recommends to the Lok Sabha the consideration of the Bill.

2. The Bill will be introduced in the Lok Sabha immediately after the presentation of the Budget on the 1st February, 2017.

Notes on clauses

Income-tax

Clause 2, read with the First Schedule to the Bill, specifies the rates at which income- tax is to be levied on income chargeable to tax for the assessment year 2017-2018. Further, it lays down the rates at which tax is to be deducted at source during the financial year 2017-2018 from income other than "Salaries" subject to such deductions under the Income-tax Act; and the rates at which "advance tax" is to be paid, tax is to be deducted at source from, or paid on, income chargeable under the head "Salaries" and tax is to be calculated and charged in special cases for the financial year 2017-2018.

Rates of income-tax for the assessment year 2017-2018

Part I of the First Schedule to the Bill specifies the rates at which income is liable to tax for the assessment year 2017-2018. These rates are the same as those specified in Part Ill of the First Schedule to the Finance Act, 2016 as amended by the Taxation Laws (Second Amendment) Act, 2016 (48 of 2016), for the purposes of deduction of tax at source from "Salaries", computation of "advance tax" and charging of income-tax in special cases during the financial year 2016-2017.

Rates for deduction of tax at source during the financial year 2017-2018 *from income other than "Salaries"*

Part II of the First Schedule to the Bill specifies the rates at which income-tax is to be deducted at source during the financial year 2017-2018 from income other than "Salaries". The rates are the same, as those specified in Part II of the First Schedule to the Finance Act, 2016 for the purposes of deduction of income tax at source during the financial year 2016-2017.

The amount of tax so deducted shall be increased by a surcharge in the case of—

(i) every non-resident being an individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act,—

(a) at the rate of ten per cent. of such tax, where the income or the aggregate of income paid or likely to be paid and subject to deduction exceeds fifty lakh rupees but does not exceed one crore rupees;

(b) at the rate of fifteen per cent. of such tax, where the income or the aggregate of income paid or likely to be paid and subject to deduction exceeds one crore rupees;

(ii) every non-resident being a co-operative society or firm or local authority at the rate of twelve per cent. where the income or the aggregate of income paid or likely to be paid and subject to deduction exceeds one crore rupees;

(iii) every company other than a domestic company at the rate of two per cent. where the income or the aggregate of income paid or likely to be paid and subject to deduction exceeds one crore rupees but does not exceed ten crore rupees;

(iv) every company other than a domestic company at the rate of five per cent. where the income or the aggregate of income paid or likely to be paid and subject to deduction exceeds ten crore rupees.

Rates for deduction of tax at source from "Salaries", computation of "advance tax" and charging of income-tax in special cases during the financial year 2017-2018

Part III of the First Schedule to the Bill specifies the rates at which income-tax is to be deducted at source from, or paid on, income under the head "Salaries" and also the rates at which "advance tax" is to be paid and income-tax is to be calculated or charged in special cases for the financial year 2017-2018.

Paragraph A of this Part specifies the rates of income-tax as under:—

(*i*) in the case of every individual [other than those specifically mentioned in sub-paras (*ii*) and (*iii*)] or Hindu undivided family or every association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (*vii*) of clause (*31*) of section 2 of the Income-tax Act, not being a case to which any other Paragraph of this Part applies:—

Up to Rs. 2,50,000	*Nil*
Rs. 2,50,001 to Rs. 5,00,000	5 per cent.
Rs. 5,00,001 to Rs. 10,00,000	20 per cent.
Above Rs. 10,00,000	30 per cent.;

(*ii*) In the case of every individual, being a resident in India, who is of the age of sixty years or more but less than the age of eighty years at any time during the previous year:—

Up to Rs. 3,00,000	*Nil*
Rs. 3,00,001 to Rs. 5,00,000	5 per cent.
Rs. 5,00,001 to Rs. 10,00,000	20 per cent.
Above Rs. 10,00,000	30 per cent.;

(*iii*) In the case of every individual, being a resident in India, who is of the age of eighty years or more at any time during the previous year:—

Up to Rs. 5,00,000	*Nil*
Rs. 5,00,001 to Rs. 10,00,000	20 per cent.
Above Rs. 10,00,000	30 per cent.

The surcharge in cases of persons referred to in this paragraph, having total income above fifty lakh but not above one crore rupees, shall be levied at the rate of ten per cent. In cases of persons referred to in this paragraph, having total income above one crore rupees, surcharge shall be levied at the rate of fifteen per cent. Marginal relief will be provided.

Paragraph B of this Part specifies the rates of income-tax in the case of every co-operative society. In such cases, the rates of tax will continue to be the same as those specified for assessment year 2017-2018. The surcharge in cases of co-operative societies, having income above one crore rupees shall be levied at the rate of twelve per cent. Marginal relief will be provided.

Paragraph C of this Part specifies the rate of income-tax in the case of every firm. In such cases, the rate of tax will continue to be the same as that specified for assessment year 2017-2018. The surcharge in cases of firms, having income above one crore rupees shall be levied at the rate of twelve per cent. Marginal relief will be provided.

Paragraph D of this Part specifies the rate of income-tax in case of every local authority. In such cases, the rate of tax will continue to be the same as that specified for the assessment year 2017-2018. The surcharge in cases of local authorities, having income above one crore rupees shall be levied at the rate of twelve per cent. Marginal relief will be provided.

Paragraph E of this Part specifies the rates of income-tax in case of companies. In the case of domestic companies the rate of income-tax shall be twenty-five per cent. of the total income where the total turnover or gross receipts of previous year 2015-2016 does not exceed fifty crore rupees and in all other cases the rate of income-tax shall be thirty per cent. of the total income. In the case of companies other than domestic companies, the rate of tax will continue to be the same as that specified for assessment year 2017-2018.

Surcharge in the case of domestic companies having total income above one crore rupees but not above ten crore rupees shall be levied at the rate of seven per cent. In the case of domestic companies having total income above ten crore rupees, surcharge shall be levied at the rate of twelve per cent. In the case of companies other than domestic companies having income above one crore rupees but not above ten crore rupees, surcharge shall be levied at the rate of two per cent. In the case of companies other than domestic companies having total income above ten crore rupees, surcharge shall be levied at the rate of five per cent. Marginal relief will be provided.

In all other cases (including sections 115-O, 115QA, 115R, 115TA, 115TD, etc.), the surcharge will be applicable at the rate of twelve per cent.

"Education Cess" at the rate of two per cent. and "Secondary and Higher Education Cess" at the rate of one per cent. shall continue to be levied in all cases covered under Part III of the First Schedule. In the cases covered under Part II of the First Schedule, there will be no levy of the Education Cess and Secondary and Higher Education Cess on tax deducted or collected at source in the case of domestic company and any other person who is resident in India. Both the cesses would continue to apply on tax deducted at source in the case of salary payments. These would also continue to be levied in the cases of persons not resident in India and companies other than domestic company.

Clause 3 of the Bill seeks to amend section 2 of the Income-tax Act relating to definitions.

The existing provisions contained in clause (*42A*) of the said section defines the expression "short-term capital asset" to be a capital asset held by an assessee for not more than thirty-six months immediately preceding the date of its transfer. Further *Explanation* 1 of the said clause provides for determining the period for which the capital asset is held by the assessee.

It is proposed to amend the third proviso to the said clause so as to provide that in the case of an immovable property being land or building or both, the aforesaid period of holding shall be less than twenty-four months for it to be treated as short term capital asset.

It is also proposed to insert a new sub-clause (*hf*) in *Clause (i)* of *Explanation* 1 of the said clause so as to provide that in the case of a capital asset being equity shares in a company, which becomes the property of the assessee in consideration of a transfer referred to in clause (*xb*) of section 47, there shall be included the period for which the preference shares were held by the assessee.

These amendments will take effect from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-2019 and subsequent years.

It is also proposed to amend clause (*i*) of the said *Explanation* to insert clause (*hg*) so as to provide that in the case of a capital asset, being a unit or units, which becomes the property of the assessee in consideration of a transfer referred to in clause (*xix*) of section 47, there shall be included the period for which the unit or units in the consolidating plan of the mutual fund scheme were held by the assessee.

This amendment will take effect from 1st April, 2017 and will, accordingly, apply in relation to the assessment year 2017-2018 and subsequent years.

Clause 4 of the Bill seeks to amend section 9 of the Income-tax Act relating to income deemed to accrue or arise in India.

Clause (*i*) of sub-section (*1*) of the said section provides that certain incomes mentioned therein shall be deemed to accrue or arise in India. *Explanation* 5 to the said clause provides that an asset or capital asset being any share or interest in a company or entity registered or incorporated outside India shall be deemed to be and shall always be deemed to have been situated in India, if the share or interest derives, directly or indirectly, its value substantially from the assets located in India.

It is proposed to insert a new *Explanation* 5A so as to clarify that the *Explanation* 5 shall not apply to an asset or capital asset mentioned therein and held by a non-resident by way of investment, directly or indirectly, in a Foreign Institutional Investor, as referred to in clause (*a*) of the *Explanation* to section 115AD, and registered as Category-I or Category-II foreign portfolio investor under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 made under the Securities and Exchange Board of India Act, 1992. The proposed amendment is clarificatory in nature.

This amendment will take effect retrospectively from 1st April, 2012 and will, accordingly, apply in relation to the assessment year 2012-2013 and subsequent years.

Clause 5 of the Bill seeks to amend section 9A of the Income-tax Act relating to certain activities not to constitute business connection in India.

Sub-section (*3*) of the said section 9A provides for the conditions to be fulfilled for being an eligible investment fund. Clause (*j*) of the said sub-section and the proviso provides that the monthly average of the corpus of the fund shall not be less than one hundred crore rupees except where the fund has been established or incorporated in the previous year, in which case, the corpus of fund shall not be less than one hundred crore rupees at the end of such previous year.

It is proposed to insert another proviso to clause (*j*) of the said sub-section so as to provide that the provisions of the said clause shall not be applicable to a fund which has been wound up in the previous year.

This amendment will take effect retrospectively from 1st April, 2016 and will, accordingly, apply in relation to the assessment year 2016-2017 and subsequent years.

Clause 6 of the Bill seeks to amend section 10 of the Income-tax Act relating to incomes not included in total income.

The existing provisions contained in the said section provide that in computing the total income of a previous year of any person, certain categories of income shall not be included in total income.

Further, sub-clause (*ii*) of clause (*4*) of the said section refers to any income of an individual by way of interest on moneys standing to his credit in a Non-Resident (External) Account in any bank in India in accordance with the Foreign Exchange Management Act, 1999 (42 of 1999), and the rules made thereunder. The proviso to the said sub-clause refers individual to be a person resident outside India, as defined in clause (*q*) of section 2 of Act 46 of 1973, which stands repealed and re-enacted as Act 42 of 1999. The definition of person outside India is occurring in clause (*w*) of Act 42 of 1999.

It is proposed to amend the proviso to sub-clause (*ii*) of clause (*4*) of the said section so as to reflect the correct definition of the expression "person resident outside India" and is clarificatory in nature.

This amendment will take effect retrospectively from 1st April, 2013, the date on which sub-clause (*ii*) of clause (*4*) of the said section was brought into force.

Further, clause (*12A*) of the said section provides exemption up to forty per cent. of the total amount payable from National Pension System Trust paid to an employee at the time of closure or his opting out of the scheme.

It is also proposed to insert a new clause (*12B*) in the said section so as to provide exemption from tax at the time of partial withdrawal by an employee from National Pension System Trust in accordance with the terms and conditions specified under Pension Fund Regulatory Development Authority Act, 2013 and regulations made thereunder, to the extent it does not exceed twenty-five per cent. of the amount of contributions made by him.

This amendment will take effect from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-2019 and subsequent years.

The provisions contained in clause (*23C*) of the said section, provide exemption in respect of income of certain funds which, *inter alia*, include, the Prime Minister's National Relief Fund. However, the Chief Minister's Relief Fund or the Lieutenant Governor's Relief Fund referred to in sub-clause (*iiihf*) of clause (*a*) of sub-section (*2*) of section 80G, are not exempt under the said clause (*23C*).

It is further proposed to insert a new sub-clause (*iiiaaaa*) in clause (*23C*) so as to provide the benefit of exemption also to the Chief Minister's Relief Fund or the Lieutenant Governor's Relief Fund.

This amendment will take effect retrospectively from 1st April, 1998, the date on which sub-clause (*iiihf*) of clause (*a*) of sub-section (*2*) of section 80G relating to

deduction in any sum paid to the Chief Minister's and Lieutenant Governor's Relief Fund came into force, and will, accordingly, apply in relation to assessment year 1998-1999 and subsequent years.

Clause (*23C*) of said section provides that donations made by entities referred to in sub-clause (*iv*) or sub-clause (*v*) or sub-clause (*vi*) or sub-clause (*via*) to any trust or institution registered under section 12AA, except those made out of accumulated income, is considered as application of income for the purposes of its objects.

It is also proposed to insert a new proviso in the said clause (*23C*) so as to provide restriction in respect of any amount credited or paid out of income, being voluntary contributions with specific direction that they shall form part of the corpus, to any trust or institution registered under section 12AA by not treating the said contribution of amount as application of income to the objects of such entities.

This amendment will take effect from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-2019 and subsequent years.

It is also proposed to insert a new clause (*37A*) in the said section so as to provide that any income chargeable under the head "Capital gains" in respect of transfer of a specified capital asset arising to an assessee, being an individual or a Hindu undivided family, was the owner of such specified capital asset as on the 2nd June, 2014 and transfers such land under the Land Pooling Scheme covered under the Andhra Pradesh Capital City Land Pooling Scheme (Formulation and Implementation) Rules, 2015 made under the provisions of the Andhra Pradesh Capital Region Development Authority Act, 2014 and the rules, regulations and schemes made under the said Act, shall not be included in the total income of the assessee. It is also proposed to clarify the term "specified capital asset" in this regard.

This amendment will take effect retrospectively from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-2016 and subsequent years.

C*lause 38* of the said section, *inter alia*, provides for an exemption from tax on the income arising from the transfer of a long-term capital asset, being an equity share in a company or a unit of an equity oriented fund or a unit of a business trust, where such transaction is chargeable to securities transaction tax under Chapter VII of the Finance (*No.2*) Act, 2004.

It is proposed to amend the said clause (*38*) so as to provide that any income arising from the transfer of a long term capital asset, being an equity share in a company shall not be exempted, if the transaction of acquisition, other than the acquisition notified by the Central Government in this behalf, of such equity share is entered into on or after the 1st day of October, 2004 and such transaction is not chargeable to securities transaction tax under Chapter VII of the Finance (*No. 2*) Act, 2004.

Clause (*48A*) of said section provides that any income accruing or arising to a foreign company on account of storage of crude oil in a facility in India and sale of crude oil therefrom to any person resident in India shall be exempt, if the said storage and sale is pursuant to an agreement or an arrangement entered into by the Central Government or approved by the Central Government; and having regard to the national interest, the said foreign company and the said agreement or arrangement is notified by the Central Government in that behalf.

It is also proposed to insert a new clause (*48B*) in the said section so as to provide for exemption of any income accruing or arising to a foreign company on account of sale of leftover stock of crude oil, if any, from the facility in India after the expiry of the agreement or the arrangement referred to in clause (*48A*), subject to such conditions as may be notified by the Central Government in this behalf.

These amendments will take effect, from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-2019 and subsequent years.

Clause 7 of the Bill seeks to amend section 10AA of the Income-tax Act relating to special provisions in respect of newly established Units in Special Economic Zones.

Under the existing provisions of the said section, deduction for fifteen consecutive years is provided from the total income of an assessee in respect of profits and gains from his Unit operating in Special Economic Zone which are engaged in manufacturing or production of articles or things or providing any services, subject to fulfilment of the conditions mentioned in that section.

It is proposed to insert a new *Explanation* after sub-section (*1*) of the said section so as to provide that the amount of deduction referred to in that section shall be allowed from the total income of the assessee computed in accordance with the provisions of the Income-tax Act, before giving effect to the provisions of the said section and the deduction under the said section shall not exceed such total income of the assessee.

This amendment will take effect from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-2019 and subsequent years.

Clause 8 of the Bill seeks to amend section 11 of the Income-tax Act relating to income from property held for charitable or religious purposes.

Sub-section (*1*) of the said section provides that voluntary contributions made by a trust to any other trust or institution, except those made out of accumulated income, is considered as application of income for the purposes of its objects.

It is proposed to insert a new *Explanation* 2 under the said sub-section so as to provide that in respect of any amount credited or paid, out of income referred to in clause (*a*) or clause (*b*) read with *Explanation* 1, being contributions with a specific direction that they shall form part of the corpus of the trust or institution shall not be treated as application of such contribution to charitable or religious purposes.

This amendment will take effect from 1st April, 2018 and will, accordingly, apply to the assessment year 2018-2019 and subsequent years.

Clause 9 of the Bill seeks to amend section 12A of the Income-tax Act relating to conditions for applicability of sections 11 and 12.

It is proposed to insert a new clause (*ab*) in sub-section (*1*) of said section so as to provide another condition for applicability of sections 11 and 12, where a trust or an institution has been granted registration under section 12AA or has obtained registration at any time under section 12A [as it stood before its amendment by the Finance (*No. 2*) Act, 1996], and, subsequently, it has adopted or undertaken modification of the objects which do not conform to the conditions of registration, it shall be required to make an application for registration in the prescribed form and manner, within a period of thirty days from the date of such adoption or modification in the objects, and that it is registered under section 12AA.

It is also proposed to insert a new clause (*c*) in sub-section (*1*) of the said section so as to provide that the person in receipt of the income shall furnish the return of income referred to in sub-section (*4A*) of section 139 within the time allowed under that section.

These amendments will take effect from 1st April, 2018 and will, accordingly, apply in relation to assessment year 2018-2019 and subsequent years.

Clause 10 of the Bill seeks to amend section 12AA of the Income-tax Act relating to procedure for registration.

It is proposed to amend sub-sections (*1*) and (*2*) of the said section so as to give reference of newly inserted clause (*ab*) in section 12A .

The proposed amendment is consequential in nature.

This amendment will take effect from 1st April, 2018 and will, accordingly, apply in relation to assessment year 2018-2019 and subsequent years.

Clause 11 of the Bill seeks to amend section 13A of the Income-tax Act relating to special provision relating to incomes of political parties.

Section 13A of the Income-tax Act, *inter alia*, provides that any income of a political party which is chargeable under the head "Income from house property" or "Income from other sources" or "Capital gains" or any income by way of voluntary contributions received by a political party from any person shall be excluded in computing the total income of the previous year of such political party subject to the conditions that such political party keeps and maintains such books of account and other documents, maintains a record of voluntary contribution in excess of twenty thousand rupees and the accounts are audited by an accountant as defined in the *Explanation* below sub-section (*2*) of section 288 and furnishes a report under sub-section (*3*) of section 29C of the Representation of the People Act,1951 to the Election Commission.

It is proposed to amend the said section so as to provide, *inter alia*, that political party shall be eligible for exemption of income-tax under section 13A if,—

(*i*) no donation exceeding two thousand rupees is received otherwise than by an account payee cheque drawn on a bank or an account payee bank draft or use of electronic clearing system through a bank account or through electoral bond;

(*ii*) it furnishes a return of income for the previous year in accordance with the provisions of sub-section (*4B*) of section 139 on or before the due date as per section 139.

It is further proposed to provide that any contributions received by way of electoral bond shall be excluded from reporting as per clause (*b*) of said section.

It is also proposed to define the expression "electoral bond".

These amendments will take effect from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-2019 and subsequent years.

Clause 12 of the Bill seeks to amend section 23 of the Income-tax Act relating to annual value how determined.

It is proposed to insert a new sub-section (*5*) in the said section so as to provide that where the property consisting of any building and land appurtenant thereto is held as stock-in-trade and the property or any part of the property is not let during the whole or any part of the previous year, the annual value of such property or part of the property, for the period up to one year from the end of the financial year in which the certificate of completion of construction of the property is obtained from the competent authority, shall be taken to be *nil*.

This amendment will take effect from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-2019 and subsequent years.

Clause 13 of the Bill seeks to amend section 35AD of the Income-tax Act relating to deduction in respect of expenditure on specified business.

The existing provisions of the said section provides that deduction in respect of the whole of any expenditure of capital nature incurred, wholly and exclusively, for the purposes of any specified business carried on during the previous year in which such expenditure is incurred, is allowed to an assessee. Clause (*f*) of sub-section (*8*) of the said section provides for exclusion of any expenditure incurred on the acquisition of any land or goodwill or financial instrument from the purview of expenditure of capital nature accordingly, not be allowed as deduction.

It is proposed to amend the said clause (*f*) so as to provide that any expenditure in respect of which a payment or aggregate of payments made to a person in a day, otherwise than by an account payee cheque drawn on a bank or an account payee bank draft or use of electronic clearing system through a bank account, exceeds ten thousand rupees, no deduction shall be allowed in respect of such expenditure also.

This amendment will take effect from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-2019 and subsequent years.

Clause 14 of the Bill seeks to amend section 36 of the Income-tax Act relating to other deductions.

The provisions of sub-clause (*a*) of clause (*viia*) of sub-section (*1*) of the said section, *inter alia*, provide that a scheduled bank (not being a bank incorporated by or under the laws of a country outside India) or a non-scheduled bank or a co-operative bank other than a primary agricultural credit society or a primary co-operative agricultural and rural development bank, shall be allowed deduction in respect of provision for bad and doubtful debts. Further, the amount of such deduction is limited to seven and one-half per cent. of the amount of the total income (computed before making any deduction under the said clause and Chapter VIA) and an amount not exceeding ten per cent. of the aggregate average advances made by the rural branches of such bank computed in the prescribed manner.

It is proposed to amend the provisions of said sub-clause so as to enhance the limit from seven and one-half per cent. to eight and one-half per cent. of the amount of the total income (computed before making any deduction under the said clause and Chapter VIA).

This amendment will take effect from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-2019 and subsequent years.

Clause 15 of the Bill seeks to amend section 40A of the lncome -tax Act relating to expenses or payments not deductible in certain circumstances.

Sub-section (*3*) of the said section provides that where the assessee incurs any expenditure in respect of which payment exceeding twenty thousand rupees is made otherwise than by an account payee cheque drawn on a bank or account payee bank draft to a person in a single day, no deduction shall be allowed in respect of such expenditure.

It is proposed to amend the said sub-section so as to provide that where the payments or aggregate of payments in a day to a person otherwise than by an account payee cheque or account payee bank draft or use of electronic clearing system through a bank account, exceeds ten thousand rupees in a day, no deduction shall be allowed under the said sub-section or, as the case may be, such payment shall be deemed to be the profits and gains of business or profession of the assessee.

Consequential amendments are also proposed to be made in sub-sections (*3A*) and (*4*) of the said section.

It is also proposed to amend the proviso to clause (*a*) of sub-section (*2*) which is consequential to the amendments proposed in section 92BA.

These amendments will take effect from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-20l9 and subsequent years.

Clause 16 of the Bill seeks to amend section 43 of the Income-tax Act relating to definitions of certain terms relevant to income from profits and gains of business or profession.

Clause (*1*) of the said section provides for the definition of "actual cost" for the purposes of claiming depreciation under section 32 of the Act.

It is proposed to insert a proviso before *Explanation* 1 of clause (*1*) of said section so as to provide that where the assessee incurs any expenditure for acquisition of any asset in respect of which a payment or aggregate of payments made to a person in a day, otherwise than by an account payee cheque drawn on a bank or an account payee bank draft or use of electronic clearing system through a bank account, exceeds ten thousand rupees, such expenditure shall be ignored for the purposes of determination of actual cost.

It is also proposed to insert a proviso in *Explanation* 13 of clause (*1*) of the said section so as to provide that where any capital asset in respect of which deduction or part of deduction allowed under section 35AD is deemed to be the income of the assessee in accordance with the provisions of sub-section (*7B*) of the said section, the actual cost of the asset to the assessee shall be the actual cost to the assessee, as reduced by an amount equal to the amount of depreciation calculated at the rate in force that would have been allowable had the asset been used for the purposes of business since the date of its acquisition.

This amendment will take effect from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-2019 and subsequent years.

Clause 17 of the Bill seeks to amend section 43B of the Income-tax Act relating to certain deductions to be only on actual payment.

The said section *inter alia*, provides that any sum payable by the assessee by way of tax, cess, duty or fee, or interest on any loan or borrowing from any scheduled bank or public financial institution, etc., shall be allowed as deduction of the previous year in which the liability to pay such sum was incurred (relevant previous year) and if the same is actually paid on or before the due date of furnishing of the return of income.

It is proposed to amend the said section so as to provide that any sum payable by the assessee as interest on any loan or advances from a co-operative bank other than a primary agricultural credit society or a primary co-operative agricultural and rural development bank shall also be allowed as deduction, if it is actually paid on or before the due date of furnishing the return of income of the relevant previous year.

It is further proposed to include the definitions of the expressions "co-operative bank", "primary agricultural credit society" and "primary co-operative agricultural and rural development bank" in the said section.

These amendments will take effect from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-2019 and subsequent years.

Clause 18 of the Bill seeks to amend section 43D of the Income-tax Act relating to special provision in case of income of public financial institutions, public companies, etc.

The said section *inter alia*, provides that interest income in relation to certain categories of bad or doubtful debts received by certain institutions or banks or corporations or companies, as referred to in the *Explanation* to the said section, shall be chargeable to tax in the previous year in which it is credited to its profit and loss account for that year or actually received, whichever is earlier.

It is proposed to amend the said section so as to provide that the interest income in relation to certain categories of bad or doubtful debts received by a co-operative bank other than a primary agricultural credit society or a primary co-operative agricultural and rural development bank shall also be chargeable to tax in the previous year in which it is credited to its profit and loss account for that year or actually received, whichever is earlier.

It is further proposed to include the definitions of the expressions "co-operative bank", "primary agricultural credit society" and "primary co-operative agricultural and rural development bank" in the said section.

These amendments will take effect from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-2019 and subsequent years.

Clause 19 of the Bill seeks to amend section 44AA of the Income-tax Act relating to maintenance of accounts by certain persons carrying on profession or business.

Clause (*i*) of sub-section (*2*) of the said section, provides that certain persons carrying on business or profession are required to maintain books of account and such other documents if the income from business or profession exceeds one lakh twenty thousand rupees or total sales, turnover or gross receipts, as the case may be, in business or profession exceed or exceeds ten lakh rupees in any one of the three years immediately preceding the previous year to enable the Assessing Officer to compute total income.

Clause (*ii*) of sub-section (*2*) of the said section, provides that certain persons carrying on newly set up business or profession in any previous year, are required to maintain books of account and such other documents if the income from such business or profession is likely to exceed one lakh twenty thousand rupees or total sales, turnover or gross receipts, as the case may be, in business or profession are, or is, likely to exceed ten lakh rupees, during such previous year to enable the Assessing Officer to compute his total income.

It is proposed to amend sub-section (*2*) of the said section so as to provide that the monetary limits of income and total sales, turnover or gross receipts specified in clauses (*i*) and (*ii*) shall be enhanced from one lakh twenty thousand rupees to two lakh fifty thousand rupees and from ten lakh rupees to twenty-five lakh rupees, respectively, in the case of an individual and a Hindu undivided family.

This amendment will take effect from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-2019 and subsequent years.

Clause 20 of the Bill seeks to amend section 44AB of the Income-tax Act relating to audit of accounts of certain persons carrying on business or profession.

Section 44AB, *inter alia*, provides that every person carrying on business is required to get his accounts audited before a specified date, if the total sales, turn over or gross receipts in a previous year, as the case may be, exceed or exceeds one crore rupees.

It is proposed to amend the said section so as to insert a new proviso to provide that this section shall not apply to the person, who declares profits and gains for the previous year in accordance with the provisions of sub-section (*1*) of section 44AD and his total sales, turnover or gross receipts, as the case may be, in business does not exceed two crore rupees in such previous year.

This amendment will take effect from 1st April, 2017 and will, accordingly, apply in relation to the assessment year 2017-2018 and subsequent years.

Clause 21 of the Bill seeks to amend section 44AD of the Income-tax Act relating to special provision for computing profits and gains of business on presumptive basis.

The provisions contained in the said section (as amended by the Finance Act, 2016), provides that notwithstanding anything to the contrary contained in sections 28 to 43C, in the case of an eligible assessee engaged in an eligible business, having total turnover or gross receipts not exceeding two crore rupees, a sum equal to eight per cent. of the total turnover or gross receipts of the assesse in the previous year on account of such business, or, as the case may be, a sum higher than the aforesaid sum claimed to have been earned by the eligible assessee, shall be deemed to be the profits and gains of such business chargeable to tax under the head "profits and gains of business or profession".

It is proposed to insert a proviso to the said sub-section (*1*) so as to reduce the existing rate of deemed total income of eight per cent. to six per cent., in respect of the amount of total turnover or gross receipts which is received by an account payee cheque or an account payee bank draft or use of electronic clearing system through a bank account during the previous year or before the due date specified in sub-section (*1*) of section 139 in respect of that previous year. However, the existing rate of deemed profit and gains of eight per cent. referred to in the provisions of the said section, shall continue to apply in respect of total turnover or gross receipts received in any other mode.

This amendment will take effect from 1st April, 2017 and shall accordingly, apply in relation to assessment year 2018-2019 and subsequent years.

Clause 22 of the Bill seeks to amend section 45 of the Income-tax Act relating to Capital gains.

Under the existing provisions of the said section, the Capital gains is chargeable in the year in which transfer takes place except in certain cases as provided in the said section.

It is proposed to insert a new sub-section (*5A*) in the said section so as to provide that where the Capital gains arises to an assessee being an individual or Hindu undivided family, from the transfer of a Capital asset, being land or building or both, under a specified agreement, the capital gains shall be chargeable to income-tax as income of the previous year in which the certificate of completion for the whole or part of the project is issued by the competent authority.

It is further proposed to provide that the stamp duty value of his share, being land or building or both, in the project on the date of issuing of said certificate as increased by consideration received in cash, if any, shall be deemed to be the full value of the consideration received or accruing as a result of the transfer of the capital asset.

It is also proposed to provide that the provisions of this sub-section shall not apply where the assessee transfers his share in the project to any other person on or before the date of issue of said certificate of completion and the capital gains shall be deemed to be the income of the previous year in which such transfer took place and the provisions of the Act, other than the provisions of this sub-section, shall apply for the determination of the full value of consideration received or accruing as a result of such transfer.

It is also proposed to define the expressions "competent authority", "specified agreement" and "stamp duty value".

This amendment will take effect from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-2019 and subsequent years.

Clause 23 of the Bill seeks to amend section 47 of the Income-tax Act relating to transactions not regarded as transfer.

The said section provides that certain transfers of capital assets are not chargeable to tax under section 45 of the Act.

Further, under the existing provisions of clause (*x*) of the said section, any transfer by way of conversion of bonds or debentures, debenture-stock or deposit certificates in any form, of a company into shares or debentures of that company is not regarded as transfer.

It is proposed to insert a new clause (*viiaa*) in section 47 so as to provide that any transfer made outside India of a capital asset being rupee denominated bond of Indian company issued outside India, by a non-resident to another non-resident shall not be regarded as transfer.

It is also proposed to insert a new clause (*xb*) in the said section so as to provide that the conversion of preference shares of a company into equity shares of that company shall also not be regarded as transfer.

These amendments will take effect from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-2019 and subsequent years.

Clause 24 of the Bill seeks to amend section 48 of the Income-tax Act relating to mode of computation.

The fifth proviso to the said section provides that in case of an assessee being a non-resident, any gains arising on account of appreciation of rupee against a foreign currency at the time of redemption of rupee denominated bond of an Indian company subscribed by him, shall be

ignored for the purposes of computation of full value of consideration.

Further, under the existing provisions of the said section, "indexed cost of acquisition" is defined to be an amount which bears to the cost of acquisition the same proportion as Cost Inflation Index for the year in which the asset is transferred bears to the Cost Inflation Index for the first year in which the asset was held by the assessee or for the year beginning on the 1st day of April, 1981, whichever is later.

It is proposed to amend the said proviso so as to provide that in case of an assessee being a non-resident, any gains arising on account of appreciation of rupee against a foreign currency at the time of redemption of rupee denominated bond of an Indian company held by him, shall be ignored for the purposes of computation of full value of consideration.

It is also proposed to make consequential amendments to the said section so as to replace the reference of 1st day of April, 1981 with the 1st day of April, 2001.

These amendments will take effect from 1st April, 2018 and will, accordingly, apply to the assessment year 2018-2019 and subsequent years.

Clause 25 of the Bill seeks to amend section 49 of the Income-tax Act relating to cost with reference to certain modes of acquisition.

The existing provisions contained in sub-section (*1*) of the said section provides that where the capital asset became the property of the assessee under certain situations, the cost of acquisition of the asset shall be deemed to be the cost for which the previous owner of the property acquired it, as increased by the cost of any improvement of the assets incurred or borne by the previous owner or the assessee, as the case may be.

It is proposed to amend sub-clause (*e*) of clause (*iii*) of said sub-section (*1*) so as to include the transfer referred to in clause (*vic*) of section 47 also within the purview of the said sub-section (*1*).

It is further proposed to insert a new sub-section (*2AE*) in the said section so as to provide that where the capital asset, being equity share of a company, became the property of the assessee in consideration of a transfer as referred to in clause (*xb*) of section 47, the cost of acquisition of the asset shall be deemed to be the cost of the preference share in relation to which such asset is acquired by the assessee.

These amendments will take effect from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-2019 and subsequent years.

It is also proposed to insert a new sub-section (*2AF*)so as to provide that where the capital asset, being a unit or units in a consolidated plan of a mutual fund scheme, became the property of the assessee in consideration of a transfer referred to in clause (*xix*) of section 47, the cost of acquisition of the asset shall be deemed to be the cost of acquisition to him of the unit or units in the consolidating plan of the scheme of the mutual fund.

This amendment will take effect from 1st April, 2017 and will, accordingly, apply in relation to the assessment year 2017-2018 and subsequent years.

It is also proposed to insert a new sub-section (*6*) in the said section so as to provide that where the capital gain arises from the transfer of specified capital asset referred to in clause (*c*) of the *Explanation* to clause (*37A*) of section 10, received under the Land Pooling Scheme covered under the Andhra Pradesh Capital City Land Pooling Scheme (Formulation and Implementation) Rules, 2015 made under the provisions of Andhra Pradesh Capital Region Development Authority Act, 2014 and the rules, regulations and schemes made under the said Act, which has been transferred after the expiry of two years from the end of the financial year in which the possession of such specified capital asset was handed over to the assessee, the cost of acquisition of that specified capital asset shall be deemed to be the stamp duty value of the said specified capital asset as on the last day of the second financial year after the end of the financial year in which the possession of the said specified capital asset was handed over to the assessee.

It is also proposed to define "stamp duty value".

It is also proposed to insert a new sub-section (*7*) in the said section so as to provide that the cost of acquisition of the share in the project, in the form of land or building or both, as referred to in sub-section (*5A*) of section 45, not being the capital asset referred to in the proviso of the said sub-section, shall be the amount which is deemed as full value of consideration in that sub-section.

These amendments will take effect from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-2019 and subsequent years.

It is also proposed to amend the said section by insertion of a new sub-section so as to provide that where the capital gain arises from the transfer of an asset, being the asset held by a trust or an institution in respect of which accreted income has been computed, and the tax has been paid thereon in accordance with the provisions of Chapter XII-EB, the cost of acquisition of such asset shall be deemed to be the fair market value of the asset which has been taken into account for computation of accreted income as on the specified date referred to in sub-section (*2*) of section 115TD.

The proposed amendment is consequential in nature.

This amendment will take effect retrospectively from 1st June, 2016.

Clause 26 of the Bill seeks to insert a new section 50CA in the Income-tax Act relating to special provision for full value of consideration for transfer of share other than quoted share.

It is proposed to provide that in case of transfer of shares of a company other than quoted share, the fair market value of such shares determined in the prescribed manner shall be deemed to be the full value of consideration for the purpose of computing income chargeable to tax as capital gains.

It is also proposed to define the term "quoted share".

This amendment will take effect from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-2019 and subsequent years.

Clause 27 of the Bill seeks to amend section 54EC of the Income-tax Act relating to capital gain not to be charged on investment in certain bonds.

The existing provisions contained in clause (*ba*) of sub-section (*3*) of the said section define long-term specified asset for making any investment under the said section on or after the 1st day of April, 2007 means any bond, redeemable after three years and issued on or after the 1st day of April, 2007 by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988 or by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

It is proposed to amend the said clause (*ba*) so as to include any other bond as notified by the Central Government in this behalf.

This amendment will take effect, from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-2019 and subsequent years.

Clause 28 of the Bill seeks to amend section 55 of the Income-tax Act relating to meaning of "adjusted", "cost of improvement" and "cost of acquisition".

Under the existing provisions of the said section, the cost of long-term capital asset acquired before the 1st day of April, 1981 is taken to be the cost of acquisition to the assessee or the fair market value of the asset on that date, at the option of the assessee. The cost of improvement is also taken into account after the assessee has acquired the asset on or after 1st April, 1981.

It is proposed to amend the said section so as to advance the aforesaid cut-off date to 1st day of April, 2001. Where the long-term capital asset has been acquired before the 1st day of April, 2001, then, the cost of acquisition will be taken to be the value of the asset as on the 1st day of April, 2001. Similarly, in such cases the cost of improvement will be taken to be the cost of improvement after this date.

These amendments will take effect from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-2019 and subsequent years.

Clause 29 of the Bill seeks to amend section 56 of the Income-tax Act relating to income from other sources.

The existing provisions of clause (*vii*) of sub-section (*2*) of the said section provide for taxability in the hands of individual or Hindu undivided family on receipt of any money or immovable property or specified movable property without or inadequate consideration, if the value of such receipt exceeds rupees fifty thousand. Further, clause (*viia*) of sub-section (*2*) of the said section 56 provides for the taxability of receipt of shares of a closely held company by a firm or a closely held company for without or inadequate consideration, if the fair market value of shares exceeds fifty thousand rupees. However, the taxability under clause (*vii*) and clause (*viia*) of sub-section (*2*) of the said section is subject to certain specified exceptions.

It is proposed to insert a new clause (*x*) in sub-section (*2*) of the said section so as to expand the scope of the provisions of the said section to all categories of assessees so that the assets received without or inadequate consideration may be brought to the tax. Further, the existing exception contained in the said section is proposed to be rationalised by including certain additional exceptions consequently, it is proposed to sun set clauses (*vii*) and (*viia*) of sub-section (*2*) of the said section.

This amendment will take effect from 1st April, 2017.

Clause 30 of the Bill seeks to amend section 58 of the Income-tax Act relating to amounts not deductible.

The provisions of the said section specify the amounts which are not deductible in computing the income from other sources.

It is proposed to amend sub-section (*1A*) of the said section so as to provide that the provisions of sub-clause (*ia*) of clause (*a*) of section 40 shall also apply in computing the income chargeable under the head "Income from other sources" as they apply in computing the income chargeable under the head "Profit and gains of business or profession".

This amendment will take effect from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-2019 and subsequent years.

Clause 31 of the Bill seeks to amend section 71 of the Income-tax Act relating to set off of loss from one head against income from another.

It is proposed to insert a new sub-section (*3A*) in the aforesaid section to provide that notwithstanding anything contained in sub-section (*1*) or sub-section (*2*) of the said section, set off of loss under the head "Income from house property" against any other head of income shall be restricted to two lakh rupees for any assessment year.

This amendment will take effect from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-2019 and subsequent years.

Clause 32 of the Bill seeks to substitute section 79 of the Income-tax Act relating to carry forward and set off of losses in the case of certain companies.

It is proposed to provide that where a change in shareholding has taken place in a previous year in the case of a company, not being a company in which the public are substantially interested, no loss incurred in any year prior to the previous year shall be carried forward and set off against the income of the previous year unless on the last day of the previous year the shares of the company carrying not less than fifty-one per cent. of the voting power were beneficially held by persons who beneficially held shares of the company carrying not less than fifty-one per cent. of the voting power on the last day of the year or years in which the loss was incurred.

It is further proposed to provide that where a change in shareholding has taken place in a previous year in the case of a company, not being a company in which the public are substantially interested but being an eligible start-up as referred to in section 80-IAC, the loss incurred in any year prior to the previous year shall be carried forward and set off against the income of the previous year, if, all the shareholders of such company which held shares carrying voting power on the last day of the year or years in which the loss was incurred, being the loss incurred during the period of seven years beginning from the year in which such company is incorporated, continue to hold those shares on the last day of such previous year.

It is also proposed to provide that the provisions of this section shall not apply to a case where a change in the voting power and shareholding, as aforesaid, takes place in a previous year consequent upon the death of a shareholder or on account of transfer of shares by way of gift to any relative of the shareholder making such gift.

It is also proposed to provide that nothing contained in this section shall apply to any change in the shareholding of an Indian company which is a subsidiary of a foreign company as a result of amalgamation or demerger of a foreign company subject to the condition that fifty-one per cent. shareholders of the amalgamating or demerged foreign company continue to be the shareholders of the amalgamated or the resulting foreign company.

This amendment will take effect from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-2019 and subsequent years.

Clause 33 of the Bill seeks to amend section 80CCD of the Income-tax Act relating to deduction in respect of contribution to pension scheme of the Central Government.

Sub-section (*1*) of the said section *inter alia*, provides that in the case of an individual employed by the Central Government on or after the 1st day of January, 2004 or, being an individual employed by any other employer, or any other assessee, being an individual who has in the previous year paid or deposited any amount in his account under a pension scheme notified or as may be notified by the Central Government, he shall be allowed a deduction of an amount not exceeding ten per cent. of his salary in the previous year. In case of any other assessee, the deduction is limited to ten per cent. of gross total income in the previous year.

It is proposed to amend sub-section (*1*) so as to increase the upper limit of gross total income from ten per cent. to twenty per cent. in case of an individual other than employee.

This amendment will take effect, from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-2019 and subsequent years.

Clause 34 of the Bill seeks to amend section 80CCG of the Income-tax Act relating to deduction in respect of investment made under an equity savings scheme.

The existing provisions of the said section provides that where an assessee, being a resident individual, has, in a previous year, acquired listed equity shares or listed units of an equity oriented fund in accordance with a scheme, as may be notified by the Central Government, he shall, subject to certain conditions, be allowed a deduction, in the computation of his total income of the assessment year relevant to such previous year, of fifty per cent. of the amount invested in such equity shares or units to the extent such deduction does not exceed twenty-five thousand rupees.

It is proposed to insert a new sub-section (*5*) in the said section so as to provide that no deduction under the said section shall be allowed in respect of any assessment year commencing on or after the 1st day of April, 2018. However, an assessee who has acquired shares or units in accordance with the aforesaid scheme and claimed deduction under the provisions of the said section for any assessment year commencing on or before the 1st day of April, 2017 shall be allowed deduction under the said section till the assessment year commencing on the 1st day of April, 2019, if he is otherwise eligible to claim the deduction in accordance with the other provisions of this section.

This amendment will take effect, from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-2019 and subsequent years.

Clause 35 of the Bill seeks to amend section 80G of the Income-tax Act relating to deduction in respect of donations to certain funds, charitable institutions, etc.

Under the existing provisions contained in sub-section (*5D*) of the said section, no deduction is allowed in respect of donation of any sum exceeding ten thousand rupees unless such sum is paid by any mode other than cash.

It is proposed to amend the said sub-section so as to provide that no deduction is allowed in respect of donation of any sum exceeding two thousand rupees unless such sum is paid by any mode other than cash.

This amendment will take effect from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-2019 and subsequent years.

Clause 36 of the Bill seeks to amend section 80-IAC of the Income-tax Act relating to special provision in respect of specified business.

The existing provisions of said section, *inter alia*, provide that where the gross total income of an assessee, being an eligible start-up, includes any profits and gains derived from eligible business, there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction of an amount equal to one hundred per cent. of the profits and gains derived from such business for three consecutive assessment years and at the option of the assessee the said deduction may be claimed for any three consecutive assessment years out of five years beginning from the year in which the eligible start-up is incorporated subject to the condition that it is incorporated.

It is proposed to amend the said sub-section so as to provide that the deduction shall be allowed for any three consecutive assessment years out of seven years instead of five years, beginning from the year in which such eligible start-up is incorporated.

This amendment will take effect from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-2019 and subsequent years.

Clause 37 of the Bill seeks to amend section 80-IBA of the Income-tax Act relating to deductions in respect of profits and gains from housing projects.

The said section provides for hundred per cent. deduction of the profits and gains of an assessee developing and building housing projects subject to certain conditions which, *inter alia*, include that the upper limit for the built-up area of residential unit comprised in the housing project does not exceed thirty square metres in the cities of Chennai, Delhi, Kolkata and Mumbai and any place, within the distance of twenty-five kilometres, measured aerially, from the municipal limits of the said cities; and sixty square metres in any other place; and the project shall be completed within a period of three years.

It is proposed to amend the said section so as to substitute the expression "built-up area" with the words "carpet area" and also to do away with the restriction of aerial distance of twenty-five kilometres from the municipal limits of the above said cities and further to extend the period of completion of the housing project from three years to five years for eligibility under the section.

It is also proposed to provide the definition of "carpet area" as provided in the Real Estate (Regulation and Development) Act, 2016.

These amendments will take effect, from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-2019 and subsequent years.

Clause 38 of the Bill seeks to amend section 87A of the Income-tax Act relating to rebate of income-tax in case of certain individuals.

The existing provisions contained in the said section provide that an assessee, being an individual resident in India, whose total income does not exceed five hundred thousand rupees, shall be entitled to a deduction, from the amount of income-tax (as computed before allowing the deductions under Chapter VIII) on his total income with which he is chargeable for any assessment year, of an amount equal to one hundred per cent. of such income-tax or an amount of five thousand rupees, whichever is less.

It is proposed to amend the said section so as to provide that the deduction under the said section shall be allowed to an assessee, being an individual resident in India, whose total income does not exceed three hundred fifty thousand rupees, upto hundred percent. of income chargeable for any assessment year or two thousand five hundred rupees, whichever is less.

This amendment will take effect, from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-2019 and subsequent years.

Clause 39 of the Bill seeks to amend section 90 of the Income-tax Act relating to agreement with foreign countries or specified territories.

The existing provisions of the said section confers power upon the Central Government to enter into an agreement with the Government of any country or specified territory outside India for granting of relief in respect of income on which income-tax has been paid both under the Income-tax Act and income-tax in that country or specified territory. It is further provided that any term used but not defined in this Act or in the agreement referred to in sub-section (*1*) of the said section shall have the meaning assigned to it in the notification issued by the Central Government in the Official Gazette in this behalf, unless the context otherwise requires, provided the same is not inconsistent with the provisions of the Income-tax Act or the said agreement.

It is proposed to provide that where any term used in an agreement entered into under sub-section (*1*) of the said section is defined under the said agreement, the said term shall have the same meaning as assigned to it in the agreement; and where the term is not defined in the said agreement, but defined in the Income-tax Act, it shall have the same meaning as assigned to it in the said Act and any *Explanation* given to it by the Central Government.

This amendment will take effect from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-2019 and subsequent years.

Clause 40 of the Bill seeks to amend section 90A of the Income-tax Act relating to adoption by Central Government of agreement between specified associations for double taxation relief.

Under the provisions of section 90A, the Central Government may make necessary provisions for adopting and implementing an agreement entered into by any specified association in India with any specified association in the specified territory outside India, for granting of relief in respect of which income-tax has been paid both under the Income-tax Act and income-tax in that specified territory outside India, for the avoidance of double taxation of income, exchange of information for the prevention of evasion or avoidance of income-tax or recovery of income-tax. It is further provided that any term used but not defined in Income-tax Act or in the agreement referred to in sub-section (*1*) of the said section shall have the meaning assigned to it in the notification issued by the Central Government in the Official Gazette in this behalf, unless the context otherwise requires, provided the same is not inconsistent with the provisions of Income-tax Act or the said agreement.

It is proposed to provide that where any term used in an agreement entered into under sub-section (*1*) of the said section is defined under the said agreement, the said term shall have the same meaning as assigned to it in the agreement; and where the term is not defined in the said agreement, but is defined in the Income-tax Act, it shall have the same meaning as assigned to it in the said Act and any *Explanation* to it by the Central Government.

This amendment will take effect from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-2019 and subsequent years.

Clause 41 of the Bill seeks to amend section 92BA of the Income-tax Act relating to meaning of specified domestic transaction.

The provisions of the said section, *inter alia*, provides that any transaction entered into by the assessee exceeding the monetary threshold of twenty crore rupees in aggregate during a previous year for the purposes of clause (*b*) of sub-section (*2*) of section 40A, shall come within the meaning of "specified domestic transaction" and shall accordingly, be required to be computed having regard to arm's length principle.

It is proposed to amend the said section so as to omit clause (*i*) of the said section so as to exclude the expenditure in respect of which payment has been made or to be made by the assessee to a person referred to in clause (*b*) of sub-section (*2*) of section 40A, from the scope of section 92BA of the Income-tax Act.

This amendment will take effect from 1st April, 2017 and will, accordingly, apply in relation to the assessment year 2017-2018 and subsequent years.

Clause 42 of the Bill seeks to insert a new section 92CE in the Income-tax Act relating to secondary adjustments in certain cases.

The proposed new section 92CE provides that a secondary adjustment shall be made where a primary adjustment to transfer price, has been made *suo motu* by the assessee in his return of income; or made by the Assessing Officer has been accepted by the assessee; or is determined by an advance pricing agreement entered into by the assessee under section 92CC; or is made as per the safe harbour rules framed under section 92CB; or is arising as a result of resolution of an assessment by way of the mutual agreement procedure under an agreement entered into under section 90 or 90A for avoiding double taxation.

It is further proposed to provide that where as a result of primary adjustment to the transfer price, there is an increase in the total income or reduction in the loss, as the case may be, of the assessee, the excess money which is available with its associated enterprise, if not repatriated to India within the time as may be prescribed, shall be deemed to be an advance made by the assessee to such associated enterprise and the interest on such advance, shall be computed in such manner as may be prescribed.

It is also proposed to provide that the provisions of this section shall apply, if, the amount of primary adjustment made in case of the assessee in any previous year, exceeds one crore rupees.

It is also proposed to provide that the provisions of this section shall not apply to such assessees in whose case the primary adjustment is made in respect of an assessment year commencing on or before 1st April, 2016.

It is also proposed to define the term "associate enterprise", "arm's length price", "excess money", "primary adjustment" and "secondary adjustment".

These amendments will take effect from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-2019 and subsequent years.

Clause 43 of the Bill seeks to insert a new section 94B in the Income-tax Act relating to limitation on interest deduction in certain cases.

Sub-section (*1*) of the said section seeks to provide that where an Indian company, or a permanent establishment of a foreign company in India being the borrower, pays interest or similar consideration exceeding one crore rupees which is deductible in computing income chargeable under the head "Profits and gains of business or profession" in respect of any debt issued by a non-resident, being an associated enterprise of such borrower, interest shall not be deductible in computation of income under the said head to the extent that it arises from excess interest, as specified in sub-section (*2*).

It is further proposed to provide that where the debt issued by a lender which is not associated but an associated enterprise either provides an implicit or explicit guarantee such lender or deposits a corresponding and matching amount of funds with the lender, such debt shall be deemed to have been issued by an associated enterprise.

Sub-section (*2*) of the said section seeks to provide that for the purposes of sub-section (*1*), the expression "excess interest" shall mean an amount of total interest paid or payable in excess of thirty per cent. of earnings before interest, taxes, depreciation, and amortisation of the borrower in the previous year or interest paid or payable to associated enterprises for that previous year, whichever is less.

Sub-section (*3*) of the said section seeks to provide that nothing contained in sub-section (*1*) shall apply to an Indian company or a permanent establishment of a foreign company which is engaged in the business of banking or insurance.

Sub-section (*4*) of the said section seeks to provide that where for any assessment year, the interest expenditure is not wholly deducted against income under the head "Profits and gains of business or profession", so much of the interest expenditure as has not been so deducted, shall be carried forward to the following assessment year or assessment years, and it shall be allowed as deduction against the profits and gains, if any, of any business or profession carried on by him and assessable for that assessment year to the extent of maximum allowable interest expenditure in accordance with sub-section (*2*). It is further provided that no interest expenditure shall be carried forward under this section for more than eight assessment years immediately succeeding the assessment year for which the excess interest expenditure was first computed.

Sub-section (*5*) of the said section seeks to define the expressions "associated enterprise", "debt" and "permanent establishment".

This amendment will take effect from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-2019 and subsequent years.

Clause 44 of the Bill seeks to amend section 115BBDA of the Income-tax Act relating to tax on certain dividends received from domestic companies.

Under the existing provisions of section 115BBDA, in case of an assessee, being an individual, Hindu undivided family or a firm, resident in India, tax is charged at the rate of ten per cent. on income by way of dividend exceeding ten lakh rupees.

It is proposed to amend the said section so as to provide that this section shall be applicable to all resident persons other than a domestic company, a fund or institution or trust or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (*iv*) or sub-clause (*v*) or sub-clause (*vi*) or sub-clause (*via*) of clause (*23C*) of section 10 or a trust or institution registered under section 12AA of the Income-tax Act.

These amendments will take effect from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-2019 and subsequent years.

Clause 45 of the Bill seeks to insert a new section 115BBG in the Income-tax Act relating to tax on income from transfer of carbon credits.

The proposed new section 115BBG seeks to provide that in case of an assessee whose total income includes any income by way of transfer of carbon credits, the income-tax payable shall be the aggregate of the amount of income-tax calculated on the income by way of transfer of carbon credits at the rate of ten per cent., and the amount of income-tax with which the assessee would have been chargeable had his total income been reduced by the amount of income by way of transfer of carbon credit.

It is further proposed to provide that the assessee shall not be eligible for deduction in respect of any expenditure or allowance under any provision of the Income-tax Act in computing his income referred to in clause (*a*) of sub-section (*1*) of the proposed section.

It is also proposed to define the expression "carbon credits" in the said section.

This amendment will take effect from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-2019 and subsequent years.

Clause 46 of the Bill seeks to amend section 115JAA of the Income-tax Act relating to tax credit in respect of tax paid on deemed income relating to certain companies.

Sub-section (*2A*) of the said section provides that the tax credit to be allowed under sub-section (*1A*) shall be the difference of the tax paid for any assessment year under sub-section (*1*) of section 115JB and the amount of tax payable by the assessee on his total income computed in accordance with the other provisions of the Income-tax Act.

It is proposed to amend the said sub-section so as to provide that where the amount of tax credit in respect of any income-tax paid in any country or specified territory outside India allowed against the tax payable by the assessee under the provisions of section 115JB exceeds the amount of such tax credit admissible against the tax payable by the assessee on its income in accordance with the other provisions of this Act, then, while computing the amount of credit under the said sub-section, such excess amount shall be ignored.

It is further proposed to amend sub-section (*3A*) of the said section so as to extend the period for carry forward of tax credit from tenth assessment year to fifteenth assessment year.

These amendments will take effect from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-2019 and subsequent years.

Clause 47 of the Bill seeks to amend section 115JB of the Income-tax Act relating to special provision for payment of tax by certain companies.

The said section provides for levy of tax on certain companies on the basis of book profit which is determined after making certain adjustments to the net profit disclosed in the profit and loss account prepared in accordance with the provisions of the Companies Act, 1956.

It is proposed to amend the section so as to align the provisions of section 115JB for the company preparing financial statements in accordance with the provisions of Indian Accounting Standards and to update the provisions of the Companies Act,1956 referred in the said section in accordance with the provisions of the new Companies Act, 2013.

The amendment will take effect from 1st April, 2017 and will, accordingly, apply in relation to the assessment year 2017-2018 and subsequent years.

Clause 48 of the Bill seeks to amend section 115JD of the Income-tax Act relating to tax credit for alternate minimum tax.

Sub-section (*2*) of the said section provides that tax credit of an assessment year shall be the excess of the alternate minimum tax paid over the regular income-tax payable for that year and sub-section (*4*) provides that such tax credit is allowed to be carried forward for a period of ten years.

It is proposed to amend the said sub-sections so as to provide that where the amount of tax credit in respect of any income-tax paid in any country or specified territory outside India allowed against the alternate minimum tax payable exceeds the amount of tax credit admissible against the regular income-tax payable by the assessee on his income in accordance with the other provisions of this Act, such excess amount shall be ignored, while computing the amount of credit and the period for carry forward of tax credit shall be extended from tenth assessment year to fifteenth assessment year.

These amendments will take effect from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-2019 and subsequent years.

Clause 49 of the Bill seeks to amend section 119 of the Income-tax Act relating to instructions to subordinate authorities.

Sub-clause (*a*) of sub-section (*2*) of the said section empowers the Board to issue orders setting forth directions or instructions (not being prejudicial to assessees) to be followed by the subordinate authorities in the work relating to assessment or collection of revenue or the initiation of proceedings for the imposition of penalties.

It is proposed to insert reference of sections 271C and 271CA in the said sub-section, so as to empower the Board to issue directions or instructions in respect of the said sections also.

This amendment will take effect from 1st April, 2017.

Clause 50 of the Bill seeks to amend section 132 of the Income-tax Act relating to search and seizure.

Sub-section (*1*) of the said section provides that where an income-tax authority mentioned therein, based on the information in his possession, has reason to believe of circumstances specified therein, he may authorise an authority specified therein to carry out search and seizure.

It is proposed to insert an *Explanation* after the fourth proviso to the said sub-section (*1*) so as to provide that the reason to believe recorded by the income-tax authority specified therein under the said sub-section shall not be disclosed to any person or any authority or the Appellate Tribunal.

This amendment will take effect retrospectively from 1st , April, 1962, the date of commencement of the Income-tax Act, 1961.

Sub-section (*1A*) of the said section provides that where an authority mentioned therein, based on the information in his possession, has reason to suspect of the circumstances specified therein, he may authorise an authority specified therein to carry out search and seizure.

It is proposed to insert an *Explanation* in the said sub-section (*1A*) so as to declare that reason to suspect recorded by the income-tax authority specified therein under the provisions of the said sub-section shall not be disclosed to any person or any authority, or the Appellate Tribunal.

This amendment will take effect retrospectively from 1st October, 1975.

It is further proposed to insert sub-section (*9B*) in the said section, to provide that in a search case, where the authorised officer is satisfied that for the purpose of protecting the interest of revenue and for reasons to be recorded in writing it is necessary so to do he may, by order in writing, attach provisionally any property belonging to the assessee with the prior approval of Principal Director General or Director General or Principal Director or Director.

It is also proposed to insert sub-section (*9C*) in the said section, so as to provide that such provisional attachment shall cease to have effect after the expiry of six months from the date of order of attachment.

It is also proposed to insert sub-section (*9D*) in the said section, to provide that in a search case, the authorised officer for estimation of fair market value of a property, may make a reference to a Valuation Officer referred to in section 142A, for valuation in the manner provided under the said sub-section. It is also proposed that the Valuation Officer shall furnish the valuation report within sixty days of receipt of such reference.

It is also proposed to amend *Explanation* 1 to section 132, so as to provide that for the purposes of sub-section (*9A*), sub-section (*9B*) and sub-section (*9D*), with respect to "execution of an authorisation for search" the provisions of sub-section (*2*) of section 153B shall apply.

These amendments will take effect from 1st April, 2017.

Clause 51 of the Bill seeks to amend section 132A of the Income-tax Act relating to powers to requisition books of account, etc.

Sub-section (*1*) of the said section provides that the specified income-tax authority, based on the information in his possession, has reason to believe of circumstances specified therein, may authorise other income-tax authority mentioned therein to requisition from other officer or authority referred to in clauses (*a*) to (*c*) of the said sub-section to deliver books of account, documents or assets of the assessee to the income-tax authority so authorised.

It is proposed to insert an *Explanation* in the said sub-section, so as to declare that the reason to believe for making the requisition as recorded by the income-tax authority shall not be disclosed to any person or any authority or the Appellate Tribunal.

This amendment will come into effect retrospectively from 1st October, 1975.

Clause 52 of the Bill seeks to amend section 133 of the Income-tax Act relating to power to call for information.

The said section empowers certain income-tax authorities to call for information for the purpose of any inquiry or proceeding under the Act.

It is proposed to amend the first proviso of the said section so as to provide that the power in respect of inquiry or proceeding under the Act, as referred to in clause (*6*) of the said section, may also be exercised by the Joint Director, Deputy Director or Assistant Director.

It is further proposed to amend the second proviso of the said section, so as to provide that the Joint Director, Deputy Director or Assistant Director, in a case where no proceeding is pending, may exercise the powers in respect of inquiry without seeking prior approval of the authorities as specified in the said proviso.

These amendments will take effect from 1st April, 2017.

Clause 53 of the Bill seeks to amend section 133A of the Income-tax Act relating to power of survey.

The said section empowers an income-tax authority to survey a place, at which a business or profession is carried on, or at which any books of account or other documents or any part of cash or stock or other valuable article or thing relating to the business or profession are kept.

It is proposed to amend sub-section (*1*) of the said section, so as to provide that a place, at which an activity for charitable purpose is carried on may also be surveyed by an income-tax authority.

It is further proposed to insert the reference of activity for charitable purpose in the *Explanation* to sub-section (*1*) of the said section which is consequential in nature.

These amendments will take effect from 1st April, 2017.

Clause 54 of the Bill seeks to amend section 133C of the Income-tax Act relating to power to call for information by prescribed income-tax authority.

Sub-section (*1*) of the said section provides that a prescribed income-tax authority may issue a notice to any person, requiring him to submit information or documents for the purposes of verification of the information in the possession of such income-tax authority.

Sub-section (*2*) of the said section provides that the prescribed income-tax authority may process any information or document that has been received in response to a notice issued under sub-section (*1*) and provide the outcome of such processing to the Assessing Officer.

It is proposed to insert a new sub-section (*3*) in the said section so as to provide that the Central Board of Direct Taxes may make a scheme for enabling the centralised issuance of notice, processing of information or documents and for making available the outcome of the said processing to the Assessing Officer.

This amendment will take effect from 1st April, 2017.

Clause 55 of the Bill seeks to amend section 139 of the Income-tax Act relating to return of income.

Sub-section (*4C*) of the said section mandates filing of return by certain entities which are exempted under section 10.

It is proposed to amend the said sub-section so as to provide that any person referred to in clause (*23AAA*), Investor Protection Fund referred to in clause (*23EC*) or clause (*23ED*), Core Settlement Guarantee Fund referred to in clause (*23EE*) and Board or Authority referred to in clause (*29A*) of section 10 shall also be mandatorily required to file return of income.

Sub-section (*5*) of the said section 139 provides that a person can furnish a revised return, in case he discovers any omission or wrong statement in his return of income already furnished, within one year from the end of the relevant assessment year or before completion of assessment, whichever is earlier.

It is proposed to amend the said sub-section (*5*) so as to provide that the time for furnishing of revised return shall be available upto the end of the relevant assessment year or before the completion of assessment, whichever is earlier.

These amendments will take effect from 1st April, 2018 and will, accordingly apply in relation to assessment year 2018-2019 and subsequent years.

Clause 56 of the Bill seeks to amend section 140A of the Income-tax Act relating to self-assessment.

The said section provides that the assessee shall be liable to pay tax together with interest payable under any provision of the Income-tax Act as reduced by the amounts specified therein before furnishing a return under the said Act. It also provides the manner of calculation of the amount so payable and consequence of non-payment of the said amount.

It is proposed to amend the said section to include that in case of delay in furnishing of return of income, along with the tax and interest payable as aforesaid, fee for delay in furnishing of return of income shall also be payable.

The proposed amendment is consequential to the insertion of a new section 234F which provides for fee for delay in furnishing of return of income.

This amendment will take effect from 1st April, 2018 and will, accordingly apply in relation to assessment year 2018-2019 and subsequent years.

Clause 57 of the Bill seeks to amend section 143 of the Income-tax Act relating to assessment.

Sub-section (*1*) of the said section provides the manner of processing of a return furnished under section 139 or in response to a notice under sub-section (*1*) of section 142.

It is proposed to amend the said sub-section to provide that in computation of amount payable or refund due, as the case may be, on account of processing of return under the said sub-section, the fee payable under section 234F shall also be considered.

The proposed amendment is consequential to the insertion of a new section 234F which provides for fee for delay in furnishing of return of income.

This amendment will take effect from 1st April, 2018 and will, accordingly apply in relation to assessment year 2018-2019 and subsequent years.

Sub-section (*1D*) of the said section (as substituted by section 68 of the Finance Act, 2016) is proposed to be substituted by a new sub-section so as to provide that the processing of a return shall not be necessary, where a notice has been issued to the assessee under sub-section (*2*) of the said section.

It is proposed to provide that the provisions of the said sub-section shall not apply in relation to any return furnished for the assessment year commencing on or after the 1st day of April, 2017.

This amendment will take effect from 1st April, 2017.

Clause 58 of the Bill seeks to amend section 153 of the Income-tax Act relating to time-limit for completion of assessment, reassessment and recomputation.

The said section provides for time-limit for completion of assessment, reassessment and recomputation in certain cases mentioned therein.

It is proposed to amend sub-section (*1*) of the said section to provide that for the assessment year 2018-2019, the time-limit for making an assessment order under section 143 or 144 shall be reduced from existing twenty-one months to eighteen months from the end of the assessment year, and for the assessment year 2019-2020 and onwards, the said time-limit shall be twelve months from the end of the assessment year in which the income was first assessable.

It is further proposed to amend sub-section (*2*) of the said section to provide that the time-limit for making an order of assessment, reassessment or recomputation under section 147, in respect of notices served under section 148 on or after the 1st day of April, 2019 shall be twelve months from the end of the financial year in which notice under section 148 was served.

It is also proposed to amend sub-section (*3*) of the said section to provide that the time-limit for making an order of fresh assessment in pursuance of an order passed or received in the financial year 2019-2020 and onwards

under section 254 or 263 or 264 shall be twelve months from the end of the financial year in which order under section 254 is received or order under section 263 or 264 is passed by the authority referred therein.

It is also proposed to amend the third proviso to *Explanation* 1 of the said section to omit the reference of section 153B therein.

These amendments will take effect from 1st April, 2017.

It is also proposed to amend sub-section (*5*) of the said section to provide that where an order under section 250 or 254 or 260 or 262 or 263 or 264 requires verification of any issue by way of submission of any document by the assessee or any other person or where an opportunity of being heard is to be provided to the assessee, the time-limit relating to fresh assessment provided in sub-section (*3*) shall apply to the order giving effect to such order.

It is also proposed to amend sub-section (*9*) of the said section to provide that where a notice under sub-section (*1*) of section 142 or sub-section (*2*) of section 143 or section 148 has been issued prior to the 1st day of June, 2016 and the assessment or reassessment has not been completed by such date due to exclusion of time referred to in *Explanation* 1, such assessment or reassessment shall be completed in accordance with the provisions of section 153 as it stood immediately before its substitution by the Finance Act, 2016.

These amendments will take effect retrospectively from 1st June, 2016.

Clause 59 of the Bill seeks to amend section 153A of the Income-tax Act, 1961 relating to assessment in case of search or requisition.

Sub-section (*1*) of the aforesaid section provides that where a search is conducted under section 132 or requisition is made under section 132A, a notice shall be issued to such person to furnish the return of income in respect of each assessment year falling within six assessment years immediately preceding the assessment year relevant to the previous year in which search is conducted or requisition is made. It also provides for assessment or reassessment of total income of the said years.

It is proposed that issuance of notice and assessment or reassessment under the said section can also be made for an assessment year preceding the assessment year relevant to the previous year in which search is conducted or requisition is made which falls beyond six assessment years but not beyond ten assessment years from the assessment year relevant to the previous year in which search is conducted or requisition is made, provided that—

(*i*) the Assessing Officer has in his possession books of account or other documents or evidence which reveal that the income which has escaped assessment amounts to or is likely to amount to fifty lakh rupees or more in one year or in aggregate in the relevant assessment years;

(*ii*) such income escaping assessment is represented in the form of asset which shall include immovable property being land or building or both, shares and securities, deposits in bank account, loans and advances;

(*iii*) the income escaping assessment or part thereof relates to such year or years; and

(*iv*) search under section 132 is initiated or requisition under section 132A is made on or after the 1st day of April, 2017.

It is further proposed to make consequential amendment to the provisos of the said sub-section.

It is also proposed to define the expression "relevant assessment year" and "asset" in the form of *Explanation*.

These amendments will take effect from 1st April, 2017.

Clause 60 of the Bill seeks to amend section 153B of the Income-tax Act, 1961 relating to time-limit for completion of assessment under section 153A.

Clause (*a*) of sub-section (*1*) of the said section provides that in respect of each assessment year falling within six assessment years referred to in clause (*b*) of sub-section (*1*) of section 153A, the order of assessment or reassessment shall be made within a period of twenty-one months from the end of the financial year in which the last of the authorisations for search under section 132 or for requisition under section 132A was executed.

It is proposed to amend the above clause to provide that the time-limit for assessment and reassessment as specified therein shall also apply in respect of the relevant assessment year referred to in sub-section (*1*) of section 153A.

The proposed amendment is consequential to the amendment to section 153A of the Income-tax Act.

It is further proposed to amend sub-section (*1*) to provide that for search and seizure cases conducted in the financial year 2018-2019, the time-limit for making an assessment order under section 153A shall be reduced from existing twenty-one months to eighteen months from the end of the financial year in which the last of the authorisations for search under section 132 or for requisition under section 132A was executed. It is further proposed that for search and seizure cases conducted in the financial year 2019-2020 and onwards, the said time-limit shall be further reduced to twelve months from the end of the financial year in which the last of the

authorisations for search under section 132 or for requisition under section 132A was executed.

It is also proposed to provide that period of limitation for making the assessment or reassessment in case of other person referred to in section 153C, shall be as available in case of person on whom search is conducted or twelve months from the end of the financial year in which books of account or documents or assets seized or requisitioned are handed over under section 153C to the Assessing Officer having jurisdiction over such other persons, whichever is later.

It is also proposed to insert a proviso to the *Explanation* of the said section so as to provide that where a proceeding before the Settlement Commission abates under section 245HA, the period of limitation available under this section for assessment or reassessment shall after the exclusion of the period under sub-section (*4*) of section 245HA shall not be less than one year; and where such period of limitation is less than one year, it shall be deemed to have been extended to one year.

These amendments will take effect from 1st April, 2017.

It is also proposed to amend sub-section (*3*) of the said section to provide that that where a notice under section 153A or section 153C has been issued prior to the 1st day of June, 2016 and the assessment has not been completed by such date due to exclusion of time referred to in the *Explanation*, such assessment shall be completed in accordance with the provisions of this section as it stood immediately before its substitution by the Finance Act, 2016.

This amendment will take effect retrospectively from 1st June, 2016.

Clause 61 of the Bill seeks to amend section 153C of the Income-tax Act, 1961 relating to assessment of income of any other person.

It is proposed to amend the second proviso to sub-section of the said section so as to provide a reference to the relevant assessment year as referred to in sub-section (*1*) of section 153A.

The proposed amendment is consequential to the amendment to section 153A of the Income-tax Act and shall apply in respect of search conducted or requisition made on or after the 1st day of April, 2017.

This amendment will take effect from 1st April, 2017.

Clause 62 of the Bill seeks to amend section 155 of the Income-tax Act relating to other amendments.

It is proposed to insert a new sub-section (*14A*) in the said section so as to provide that where credit for income-tax paid in any country outside India or a specified territory outside India, referred to in section 90, section 90A or section 91, has not been given in the order of assessment for the relevant assessment year on the grounds that the payment of such tax was in dispute, then, the Assessing Officer shall rectify the order of assessment or an intimation under sub-section (*1*) of section 143, if the assessee, within six months from the end of the month in which the dispute is settled, furnishes proof of settlement of such dispute and evidence of payment of such tax along with an undertaking that no credit of such amount of tax has been directly or indirectly claimed or shall be claimed for any other assessment year.

This amendment will take effect from 1st April, 2018 and will, accordingly, apply in relation to assessment years 2018-2019 and subsequent years.

Clause 63 of the Bill seeks to insert a new section 194-IB of the Income-tax Act relating to payment of rent by certain individuals or Hindu undivided family.

The proposed new section provides that any person, being an individual or a Hindu undivided family (other than those referred to in second proviso of section 194-I), responsible for paying to a resident any income by way of rent exceeding fifty thousand rupees for a month or part of a month during the previous year, shall deduct an amount equal to five per cent. of such income as income-tax thereon.

It is further proposed to provide that income-tax referred to in sub-section (*1*) shall be deducted on such income at the time of credit of rent, for the last month of the previous year or the last month of tenancy, if the property is vacated during the year, as the case may be, to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier.

It is also proposed to provide that the provisions of section 203A shall not apply to a person required to deduct tax in accordance with the provisions of this section.

It is also proposed to provide that where the tax is required to be deducted as per the provisions of section 206AA, such deduction shall not exceed the amount of rent payable for the last month of the previous year or the last month of the tenancy, as the case may be.

It is also proposed to define the term "rent" for the purposes of this section to mean any payment, by whatever name called, under any lease, sub-lease, tenancy or any other agreement or arrangement for the use of any land or building or both.

This amendment will take effect from 1st June, 2017.

Clause 64 of the Bill seeks to insert a new section 194-IC in the Income-tax Act relating to deductions in respect of payment under specified agreement.

The proposed new section seeks to provide that notwithstanding anything contained in section 194-IA, any person responsible for paying to resident any sum by way of consideration, not being consideration in kind, under the agreement referred to in sub-section (*5A*) of section 45, shall, at the time of credit of such sum to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct an amount equal to ten per cent. of such sum as income-tax thereon.

This amendment will take effect from 1st April, 2017.

Clause 65 of the Bill seeks to amend section 194J of the Income-tax Act which provides for deduction of tax at source on fees for professional or technical services.

The said section provides that a person, not being an individual or a Hindu undivided family, who is responsible for paying to a resident any sum by way of fees for professional or technical services or other services mentioned therein shall deduct an amount equal to ten per cent. of such sum as income-tax on income comprised therein.

It is proposed to insert a proviso in the said section so as to reduce the rate of tax deduction at source to two per cent. from ten per cent. in case of payments received or credited to a payee, who is engaged only in the business of operation of call centre.

This amendment will take effect from 1st June, 2017.

Clause 66 of the Bill seeks to amend section 194LA of the Income-tax Act relating to payment of compensation on acquisition of certain immovable property.

The said section, *inter alia*, provides that any person responsible for paying compensation to a resident shall deduct tax at source at the rate of ten per cent. on the compensation or enhanced compensation or consideration on account of compulsory acquisition of any immovable property (other than agricultural land) under any law for the time being in force subject to certain conditions specified therein.

It is proposed to amend the said section so as to insert a new proviso to provide that no deduction of tax at source shall be made under this section, where such payment is made in respect of any award or agreement which has been exempted from the levy of income-tax under section 96 of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013.

This amendment will take effect from 1st April, 2017.

Clause 67 of the Bill seeks to amend section 194LC of the Income-tax Act relating to income by way of interest from Indian company.

The existing provisions contained in sub-section (*2*) of the said section, specify the interest eligible for lower withholding tax at the rate of five per cent. It shall be the interest income payable by the specified company on borrowings made by it in foreign currency from sources outside India under a loan agreement or by way of issue of any long-term bonds including long-term infrastructure bonds subject to the approval by the Central Government.

Sub-clauses (*a*) and (*c*) of clause (*i*) of the said sub-section further provides that the borrowing shall be made, under a loan agreement at any time on or after the 1st day of July, 2012, but before the 1st day of July, 2017; and by way of any long-term bond including long-term infrastructure bond on or after the 1st day of October, 2014, but before the 1st day of July, 2017, respectively.

It is proposed to amend sub-clauses (*a*) and (*c*) of clause (*i*) of sub-section (*2*) of the said section to provide that the borrowings can be made before the 1st day of July, 2020 instead of the 1st day of July, 2017.

These amendments will take effect from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-2019 and subsequent years.

It is also proposed to insert a new clause (*ia*) in sub-section (*2*) of the said section to extend the benefit of the said section to the rupee denominated bond issued outside India before 1st July, 2020 also.

This amendment will take effect retrospectively from 1st April, 2016 and will, accordingly, apply in relation to the assessment year 2016-2017 and subsequent years.

Clause 68 of the Bill seeks to amend section 194LD of the Income-tax Act relating to income by way of interest on certain bonds and Government securities.

Under the existing provisions contained in sub-section (*2*) of the said section, the interest income eligible for lower withholding tax rate of five per cent. as provided in sub-section (*1*) has been specified to be the interest payable on or after the 1st day of June, 2013 but before 1st day of July, 2017.

It is proposed to amend the aforesaid sub-section so as to provide concessional rate of five per cent. withholding tax on interest payment in respect of investments in Government securities and rupee denominated corporate bonds to be made available on interest payable before 1st day of July, 2020.

This amendment will take effect from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-2019 and subsequent years.

Clause 69 of the Bill seeks to amend section 197A of the Income-tax Act relating to no deduction to be made in certain cases.

The existing provisions contained in sub-sections (*1A*) and (*1C*) of the aforesaid section provide that no deduction of tax shall be made under the various sections referred to in the said sub-sections (*1A*) and (*1C*) of section 197A, if the persons referred to in the said sub-sections furnish to the persons responsible for paying any income of the nature referred to in specified sections, a declaration in writing in duplicate in the prescribed form and verified in the prescribed manner to the effect that the tax on his estimated total income of the previous year in which such income is to be included in computing his total income will be *nil*.

It is proposed to amend the said sub-sections (*1A*) and (*1C*) of the said section so as to cover deduction at source under section 194D also.

This amendment will take effect from 1st June, 2017.

Clause 70 of the Bill seeks to amend section 204 of the Income-tax Act relating to meaning of "person responsible for paying".

It is proposed to insert a new clause (*iib*) in the said section so as to provide that in the case of furnishing of information relating to payment to a non-resident, not being a company, or to a foreign company, of any sum, whether or not chargeable under the provisions of this Act, the payer himself, or, if the payer is a company, the company itself including the principal officer thereof shall also be the person responsible for paying, within the meaning of definition under this section.

This amendment will take effect from 1st April, 2017.

Clause 71 of the Bill seeks to amend section 206C of the Income-tax Act relating to profits and gains from the business of trading in alcoholic liquor, forest produce, scrap, etc.

Clause (*ii*) of sub-section (*1D*) of the said section provides for tax collection at source at the rate of one per cent. of sale consideration on cash sale of jewellery exceeding five lakh rupees. It is proposed to omit the said clause in view of restriction on cash transactions as proposed to be provided under section 269ST.

The proposed amendment is consequential to the insertion of a new section 269ST in the Income-tax Act.

Sub-section (*1F*) of the said section, *inter alia*, provides that the seller who receives any amount as consideration for sale of a motor vehicle of the value exceeding ten lakh rupees, shall at the time of receipt of such amount, collect from the buyer a sum equal to one per cent. of the sale consideration as income-tax.

It is further proposed to insert a new sub-clause (*iii*) in clause (*aa*) of the *Explanation* to section 206C to exempt the following class of buyers from the provision of sub-section (*1F*) of the said section, namely:—

(*i*) the Central Government, a State Government and an embassy, a High Commission, legation, commission, consulate and the trade representation of a foreign State; or

(*ii*) local authority as defined in the *Explanation* to clause (*20*) of section 10; or

(*iii*) a public sector company which is engaged in the business of carrying passengers.

It is also proposed to omit the reference of sub-section (*1F*) in sub-clause (*ii*) in the *Explanation* to section 206C.

These amendments will take effect from 1st April, 2017.

Clause 72 of the Bill seeks to insert a new section 206CC after section 206CB of the Income-tax Act relating to requirement to furnish Permanent Account Number by collectee.

The proposed sub-section (*1*) of the said section specifies that any person paying any sum or amount, on which tax is collectible at source under Chapter XVII BB (herein referred to as collectee) shall furnish his Permanent Account Number to the person responsible for collecting such tax (herein referred to as collector), failing which tax shall be collected at twice the rate mentioned in the relevant section or at the rate of five per cent., whichever is higher.

The proposed sub-section (*2*) provides that the declaration filed under sub-section (*1A*) of section 206C shall not be valid unless the person filing the declaration furnishes his Permanent Account Number in such declaration.

The proposed sub-section (*3*) provides that in case any declaration becomes invalid under sub-section (*2*), the collector shall collect the tax at source in accordance with the provisions of sub-section (*1*).

The proposed sub-section (*4*) provides that no certificate under sub-section (*9*) of section 206C shall be granted unless it contains the Permanent Account Number of the applicant.

The proposed sub-section (*5*) provides that the collectee shall furnish his Permanent Account Number to the collector who shall indicate the same in all its correspondence, bills, vouchers and other documents which are sent to each other.

The proposed sub-section (*6*) of the said section provides that where the Permanent Account Number provided by the collectee is invalid or it does not belong to the collectee, then it shall be deemed that Permanent Account Number has not been furnished to the collector and the tax shall be collected under sub-section (*1*).

The proposed sub-section (*7*) provides that the new section 206CC shall not apply to a non-resident who does not have permanent establishment in India and also to explain the expression 'permanent establishment'.

This amendment will take effect from 1st April, 2017.

Clause 73 of the Bill seeks to amend section 211 of the Income-tax Act relating to instalments of advance tax and due dates.

Clause (*a*) of sub-section (*1*) of the said section provides that all the assessees, except those referred to in clause (*b*), are liable to pay advance tax in four instalments during each financial year and also provides the due dates for the payments and amounts payable.

Clause (*b*) of sub-section (*1*) of the said section provides that an eligible assessee engaged in an eligible business referred to in section 44AD is liable to pay advance tax in a single instalment on or before the 15th of March every financial year.

It is proposed to amend the said clause (*b*) so as to provide that the assessee who declares profits and gains in accordance with the provisions of sub-section (*1*) of section 44ADA, shall also be liable to pay advance tax in one instalment on or before the 15th of March every financial year.

This amendment will take effect from 1st April, 2017 and will, accordingly, apply in relation to the assessment year 2017-2018 and subsequent years.

Clause 74 of the Bill seeks to amend section 234C of the Income-tax Act relating to interest for deferment of advance tax.

It is proposed to provide that in respect of an assessee referred to in section 44ADA, interest under the aforesaid section shall be levied, if the advance tax paid on or before the 15th day of March, is less than the tax due on the returned income. The said amendment is consequential to the amendment of section 211.

Tax on certain dividends received from domestic companies is being levied under section 115BBDA with effect from the 1st April, 2017, if such income exceeds ten lakh rupees. The first proviso to sub-section (*1*) of section 234C lays down exceptions to the applicability of the said sub-section to short fall in the payment of advance tax in case of certain incomes. It is proposed to amend the aforesaid proviso so as to provide that no interest under said section shall be levied on the income referred to in sub-section (*1*) of section 115BBDA subject to the conditions specified therein.

These amendments will take effect from 1st April, 2017 and will, accordingly, apply in relation to the assessment year 2017-2018 and subsequent years.

Clause 75 of the Bill seeks to insert section 234F of the Income-tax Act relating to fee for default in furnishing return of income.

It is proposed to provide that a fee for delay in filing of return shall be paid for assessment year 2018-2019 and onwards in a case where the return is not filed within the due dates specified for filing of return under sub-section (*1*) of section 139. It is further proposed that a fee of five thousand rupees be payable, if the return is furnished after the due date but on or before the 31st day of December of the assessment year. A fee of ten thousand rupees is proposed to be payable in any other case. However, in a case where the total income does not exceed five lakh rupees, it is proposed that the fee amount shall not exceed one thousand rupees.

This amendment will take effect from 1st April, 2018 and will, accordingly apply in relation to assessment year 2018-2019 and subsequent years.

Clause 76 of the Bill seeks to insert a new section 241A in the Income-tax Act relating to withholding of refund in certain cases.

It is proposed to provide that, for every assessment year commencing on or after the 1st day of April, 2017, where refund of any amount becomes due to the assessee under the provisions of sub-section (*1*) of section 143 and the Assessing Officer is of the opinion that grant of the refund may adversely affect the recovery of revenue, he may, for the reasons to be recorded in writing and with the previous approval of the Principal Commissioner or Commissioner, withhold the refund up to the date on which the assessment is made.

This amendment will take effect from 1st April, 2017 and will, accordingly, apply in relation to the assessment year 2017-2018 and subsequent years.

Clause 77 of the Bill seeks to amend section 244A of the Income-tax Act relating to interest on refunds.

The said section provides that an assessee is entitled to receive interest on refund arising out of excess payment of advance tax, tax deducted or collected at source, etc.

It is proposed to insert a new sub-section (*1B*) in the said section so as to provide that where refund of any amount becomes due to the deductor, then such person shall be entitled to receive, in addition to the refund, simple interest on such refund, calculated at the rate of one-half per cent. for every month or part of a month comprised in the period, from the date on which claim for refund is made in the prescribed form or for giving effect to an order under section 250 or 254 or 260 or 262 from the date on which the tax is paid up to the date on which refund is granted.

It is also proposed to amend sub-section (*2*) of the said section to give reference of the deductor in addition to the assessee and to provide that the interest shall not be

allowed for the period for which the delay in the proceedings resulting in the refund is attributable to the deductor.

These amendments will take effect from 1st April, 2017.

Clause 78 of the Bill seeks to amend section 245A of the Income-tax Act relating to definitions for the purposes of Chapter XIX-A relating to settlement of cases.

Clause (*b*) of the said section provides definition of "case". Clause (*iv*) of the *Explanation* to the said clause (*b*) provides that unless as otherwise specified, in case where no assessment is made, proceedings shall be deemed to have concluded on the expiry of two years from the end of the relevant assessment year.

It is proposed to amend the said clause (*iv*) to the *Explanation* so as to provide that conclusion of proceedings shall be construed in accordance with the time specified for making assessment under sub-section (*1*) of section 153.

The proposed amendment is consequential to the amendment to section 153 and section 153B of the Income-tax Act.

This amendment will take effect from 1st April, 2017.

Clause 79 of the Bill seeks to amend section 245N of the Income-tax Act relating to the definitions under Chapter XIX-B relating to advance rulings.

Clause (*b*) of the said section provides the definition of the term "applicant".

It is proposed to amend the said clause so as to include within the scope of the definition of "applicant" an applicant as in section 28E of the Customs Act, 1962, section 23A of the Central Excise Act, 1944 and section 96A of the Finance Act, 1994.

This amendment will take effect from 1st April, 2017.

Clause 80 of the Bill seeks to amend section 245-O of the Income-tax Act relating to the Authority for Advance Rulings.

Clause (*a*) of sub-section (*3*) of the aforesaid section provides that the Chairman of the Authority for Advance Rulings shall be a person who has been a Judge of the Supreme Court.

It is proposed to amend the said clause (*a*) so as to provide that a person who has been the Chief Justice of a High Court or a Judge of a High Court for at least seven years shall also be eligible to be appointed as the Chairman of the Authority for Advance Rulings.

Clause (*c*) of sub-section (*3*) of the aforesaid section provides that the revenue Member of the Authority for Advance Rulings shall be a person from the Indian Revenue Service, who is of the rank of Principal Chief Commissioner or Principal Director General or Chief Commissioner or Director General.

It is proposed to amend the said clause (*c*) so as to provide that an officer from the Indian Revenue Service who is, or is qualified to be, a Member of the Central Board of Direct Taxes or an officer from the Indian Customs and Central Excise Service, who is, or is qualified to be, a Member of the Central Board of Excise and Customs as on the date of occurrence of the said vacancy shall be eligible to be appointed as the revenue Member of the Authority for Advance Rulings.

It is further proposed to amend clause (*d*) of the said sub-section (*3*) so as to provide that eligibility for appointment of law Member shall also be determined on the date of occurrence of vacancy.

It is also proposed to insert sub-sections (*6A*) and (*6B*) in the aforesaid section so as to provide that in the event the office of Chairman falls vacant or in case the Chairman is unable to discharge his duties, the senior-most Vice-chairman shall act as Chairman or shall discharge the functions of the Chairman till such time the new Chairman enters upon his office or the Chairman resumes his duties, as the case may be.

This amendment will take effect from 1st April, 2017.

Clause 81 of the Bill seeks to amend section 245Q of the Income-tax Act relating to the application for advance ruling.

Sub-section (*1*) of the aforesaid section provides that an applicant desirous of obtaining an advance ruling under Chapter XIX-B of the Income-tax Act may make an application in such form and in such manner as may be prescribed.

It is proposed to amend the said section so as to provide that an application for advance ruling may also be made under Chapter V of the Customs Act, 1962 or under Chapter IIIA of the Central Excise Act, 1944 or under Chapter VA of the Finance Act, 1994.

This amendment will take effect from 1st April, 2017.

Clause 82 of the Bill seeks to amend section 253 of the Income-tax Act relating to Appeals to the Appellate Tribunal.

Sub-clause (*f*) of sub-section (*1*) of the aforesaid section provides that an order passed by the prescribed authority under sub-clause (*vi*) or sub-clause (*via*) of clause (*23C*) of section 10 shall be appealable before the Appellate Tribunal.

It is proposed to insert sub-clause (*iv*) and sub-clause (*v*) of clause (*23C*) in the aforesaid section, so as to make an order passed by the prescribed authority under said sub-clauses also appealable before the Appellate Tribunal.

This amendment will take effect from 1st April, 2017.

Clause 83 of the Bill seeks to insert a new section 269ST in the Income-tax Act relating to mode of undertaking transactions.

It is proposed to provide that no person shall receive an amount of three lakh rupees or more, in aggregate from a person in a day; or in respect of a single transaction; or in respect of transactions relating to one event or occasion from a person, otherwise than by an account payee cheque or an account payee bank draft or use of electronic clearing system through a bank account.

It is further proposed to provide that the said restriction shall not apply to Government, any banking company, post office savings bank or co-operative bank, any receipt from sale of agricultural produce by any person being an individual or Hindu Undivided family in whose hands such receipts constitutes agricultural income and in respect of transactions of the nature referred to in section 269SS; and such other persons or class of persons or receipts, as may be specified by the Central Government by notification in the Official Gazette.

This amendment will take effect from 1st April, 2017.

Clause 84 of the Bill seeks to insert a new section 271DA of the Income-tax Act relating to penalty for failure to comply with provisions of section 269ST.

It is proposed to provide that if a person receives any sum in contravention of the provisions of section 269ST, he shall be liable to pay, by way of penalty, a sum equal to the amount of such receipt. It is further proposed that the penalty shall not be imposable if such person proves that there were good and sufficient reasons for the contravention. It is also proposed that any such penalty shall be imposed by the Joint Commissioner.

This amendment will take effect from 1st April, 2017.

Clause 85 of the Bill seeks to amend section 271F of the Income-tax Act relating to penalty for failure to furnish return of income.

The said section provides for penalty for failure to furnish return of income.

It is proposed to provide that the provisions of the said section shall not apply in respect of assessment year 2018-2019 and subsequent years.

This amendment will take effect from 1st April, 2018 and will, accordingly apply in relation to assessment year 2018-2019 and subsequent years.

Clause 86 of the Bill seeks to insert a new section 271J in the Income-tax Act relating to penalty for furnishing incorrect information in reports or certificates.

It is proposed to provide that if an accountant or a merchant banker or a registered valuer furnishes incorrect information in a report or certificate under any provisions of the Act or the rules made thereunder, the Assessing Officer or the Commissioner (Appeals), without prejudice to the provisions of the Income tax Act, may direct him to pay, by way of penalty, a sum of ten thousand rupees for each such report or certificate. It is also proposed to define the expressions of "accountant", "merchant banker" and "registered valuer".

This amendment will take effect from 1st April, 2017.

Clause 87 of the Bill seeks to amend section 273B in the Income-tax Act relating to penalty not to be imposed in certain cases.

It is proposed that penalty shall not be imposable in respect of the proposed section 271J also, if the person proves that there was reasonable cause for the failure referred to in the said section.

This amendment is consequential in nature.

This amendment will take effect from 1st April, 2017.

Customs

Clause 88 of the Bill seeks to amend section 2 of the Customs Act. It is proposed to amend clauses (*13*), (*16*), (*20*) and (*26*) and to insert new clauses (*3A*), (*20A*), (*28A*) and (*30B*) therein.

Clause 89 of the Bill seeks to amend section 7 of the Customs Act so as to insert new clauses (*e*) and (*f*) in sub-section (*1*) to provide for appointment of foreign post offices and international courier terminals.

Clause 90 of the Bill seeks to amend section 17 of the Customs Act so as to substitute sub-section (*3*) thereof to simplify the production of document or information by the importer or exporter or any other person for verification of self-assessment under sub-section (*2*) of the said section.

Clause 91 of the Bill seeks to amend section 27 of the Customs Act so as to insert a new clause (*g*) therein to exclude certain category of refunds from the scope of unjust enrichment.

Clause 92 of the Bill seeks to amend section 28E of the Customs Act, so as to substitute the definition of "Authority" in clause (*e*) of the said section.

Clause 93 of the Bill seeks to substitute section 28F of the Customs Act so as to provide that the Authority for Advance Rulings constituted under section 245-O of the Income-tax Act shall be the Authority for giving advance rulings for the purposes of the Customs Act. It further seeks to provide that the Member of the Indian Revenue Service (Customs and Central Excise), who is qualified to be a Member of the Board, shall be the revenue Member of the Authority for the purposes of the Customs Act.

It also seeks to provide for transferring the applications pending before the erstwhile Authority for Advance Rulings (Central Excise, Customs and Service Tax) to the Authority constituted under section 245-O of the Income-tax Act from the stage at which such application or proceeding stood as on the date on which the Finance Bill, 2017 receives the assent of the President.

Clause 94 of the Bill seeks to omit section 28G of the Customs Act.

Clause 95 of the Bill seeks to amend section 28H of the Customs Act so as to enhance the application fee to rupees ten thousand.

Clause 96 of the Bill seeks to amend section 28-I of the Customs Act so as to extend the time-limit to six months for the Authority to pronounce its rulings.

Clause 97 of the Bill seeks to insert a new section 30A in the Customs Act so as to make it obligatory on the person-in-charge of a conveyance that enters India from any place outside India or any other person as may be specified by the Central Government by notification in the Official Gazette, to deliver to the proper officer the passenger and crew arrival manifest before arrival in the case of an aircraft or a vessel and upon arrival in the case of a vehicle; and passenger name record information of arriving passengers in such form, containing such particulars, in such manner and within such time as may be prescribed. It is proposed to impose such penalty not exceeding fifty thousand rupees as may be prescribed, in case of delay in delivering the information.

Clause 98 of the Bill seeks to insert a new section 41A in the Customs Act so as to make it obligatory on the person-in-charge of a conveyance that departs from India to a place outside India or any other person as may be specified by the Central Government by notification in the Official Gazette, to deliver to the proper officer the passenger and crew departure manifest and passenger name record information of departing passengers before the departure of the conveyance in such form, containing such particulars, in such manner and within such time as may be prescribed. It is also proposed to impose a penalty not exceeding fifty thousand rupees as may be prescribed in case of delay in delivering the information.

Clause 99 of the Bill seeks to amend section 46 of the Customs Act so as to provide that the bill of entry for imported goods shall be presented before the end of the next day following the day on which the aircraft or vessel or vehicle carrying the goods arrives at a customs station at which such goods are to be cleared for home consumption or warehousing and that in the case of default, he shall pay such charge for late presentation as may be prescribed.

Clause 100 of the Bill seeks to amend section 47 of the Customs Act so as to provide the manner of payment of interest in the case of self-assessed bills of entry or, as the case may be, assessed, reassessed or provisionally assessed bills of entry.

Clause 101 of the Bill seeks to substitute section 49 of the Customs Act so as to provide for storage of imported goods in a public warehouse pending removal.

Clause 102 of the Bill seeks to substitute clause (*a*) of sub-section (*1*) of section 69 of the Customs Act so as to substitute the reference of section 82 therein to section 84.

Clause 103 of the Bill seeks to omit section 82 of the Customs Act.

Clause 104 of the Bill seeks to substitute clause (*a*) of section 84 of the Customs Act so as to provide for the form and manner in which an entry may be made in respect of goods imported or to be exported by post.

Clause 105 of the Bill seeks to amend section 127B of the Customs Act so as to insert a new sub-section (*5*) therein to enable any person, other than applicant referred to in sub-section (*1*), to make an application to the Settlement Commission.

Clause 106 of the Bill seeks to amend sub-section (*3*) of section 127C of the Customs Act, so as to substitute certain words therein. It further seeks to insert a new sub-section (*5A*) therein to enable the Settlement Commission to amend the order passed by it under sub-section (*5*) to rectify any error apparent on the face of record.

Clause 107 of the Bill seeks to amend section 157 of the Customs Act so as to empower the Board to make regulations for prescribing the form, particulars, manner and time of providing the passenger and crew manifest for arrival and departure and passenger name record information and penalty in the case of delay in delivering the information.

Customs Tariff

Clause 108 of the Bill seeks to amend clause (*c*) of sub-section (*3*) of section 9 of the Customs Tariff Act so as to withdraw the exemption to three categories of non-actionable subsidies specified therein, from the scope of anti-subsidy investigations.

Clause 109 of the Bill seeks to amend the First Schedule to the Customs Tariff Act,—

(*i*) in the manner specified in the Second Schedule so as to revise tariff rates in respect of certain tariff items;

(*ii*) in the manner specified in the Third Schedule so as to harmonise certain entries with Harmonised System of Nomenclature and also to amend Chapter 98.

Clause 110 of the Bill seeks to amend the Second Schedule to the Customs Tariff Act in the manner specified in the Fourth Schedule so as to fix a tariff rate of export duty of 30% in respect of tariff item 2606 00 90 relating to other aluminium ores and concentrates.

Excise

Clause 111 of the Bill seeks to amend section 23A of the Central Excise Act so as to substitute the definition of "Authority" in clause (*e*) of the said section.

Clause 112 of the Bill seeks to omit section 23B of the Central Excise Act.

Clause 113 of the Bill seeks to amend sub-section (*3*) of section 23C of the Central Excise Act so as to enhance the application fee to rupees ten thousand.

Clause 114 of the Bill seeks to amend sub-section (*6*) of section 23D of the Central Excise Act so as to extend the time-limit to six months for the Authority to pronounce its rulings.

Clause 115 of the Bill seeks to insert a new section 23-I in the Central Excise Act so as to provide for transferring the pending applications before the erstwhile Authority for Advance Rulings (Central Excise, Customs and Service Tax) to the Authority constituted under section 245-O of the Income-tax Act, from the stage at which such proceedings stood as on the date on which the Finance Bill, 2017 receives the assent of the President.

Clause 116 of the Bill seeks to amend section 32E of the Central Excise Act so as to insert a new sub-section (*5*) therein, to enable any person, other than assessee referred to in sub-section (*1*), to make an application to the Settlement Commission.

Clause 117 of the Bill seeks to amend sub-section (*3*) of section 32F of the Central Excise Act so as to substitute certain words therein. It further seeks to insert a new sub-section (*5A*) therein to enable the Settlement Commission to amend the order passed by it under sub-section (*5*) to rectify any error apparent on the face of record.

Central Excise Tariff

Clause 118 of the Bill seeks to amend the First Schedule to the Central Excise Tariff Act in the manner specified in the Fifth Schedule so as to revise the tariff rates in respect of certain tariff items.

Clause 119 of the Bill seeks to amend the First Schedule to the Central Excise Tariff Act so as to substitute excise duty on motor vehicles falling under tariff items 8702 90 21, 8702 90 22, 8702 90 28 and 8702 90 29 retrospectively with effect from the 1st day of January, 2017.

Service Tax

Clause 120 of the Bill seeks to amend section 65B of the 1994 Act so as to omit clause (*40*) thereof.

Clause 121 of the Bill seeks to amend section 66 D of the 1994 Act so as to omit clause (*f*) thereof.

Clause 122 of the Bill seeks to amend section 96A of the 1994 Act so as to substitute the definition of "Authority" in clause (*e*) of the said section.

Clause 123 of the Bill seeks to omit section 96B of the 1994 Act.

Clause 124 of the Bill seeks to amend sub-section (*3*) of section 96C of the 1994 Act so as to enhance the application fee to rupees ten thousand.

Clause 125 of the Bill seeks to amend sub-section (*6*) of section 96D of the 1994 Act so as to extend the time-limit to six months for the Authority to pronounce its rulings.

Clause 126 of the Bill seeks to insert a new section 96HA in the 1994 Act so as to provide for transferring the pending applications and proceedings before the erstwhile Authority for Advance Rulings (Central Excise, Customs and Service Tax) to the Authority constituted under section 245-O of the Income-tax Act, from the stage at which such application or proceeding stood as on the date on which the Finance Bill, 2017 receives the assent of the President.

Clause 127 of the Bill seeks to insert new sections 104 and 105 in the 1994 Act so as to—

(*a*) exempt service tax leviable on one-time upfront amount (premium, salami, cost, price, development charge or by whatever name called) in respect of taxable service provided or agreed to be provided by a State Government industrial development corporation or undertaking to industrial units by way of grant of long-term lease of thirty years or more of industrial plots, during the period commencing from the 1st day of June, 2007 and ending with the 21st day of September, 2016 (both days inclusive);

(*b*) extend service tax exemption on taxable services provided or agreed to be provided by the Army, Naval and Air Force Group Insurance Funds by way of life insurance to members of the Army, Navy and Air Force under the Group Insurance Schemes of the Central Government during the period commencing from the 10th day of September, 2004 and ending with the 1st day of February, 2016 (both days inclusive).

Clause 128 of the Bill seeks to retrospectively amend rule 2A of the Service Tax (Determination of Value) Rules, 2006 in the manner specified in column (3) of the

Sixth Schedule with retrospective effect, on and from and up to the date specified in column (4) thereof, so as to make it clear that value of service portion in execution of a works contract, which involves transfer of land or undivided share of land, as the case may be, shall not include value of property in land or undivided share of land so transferred.

Miscellaneous

Clauses 129 and *130* seek to amend section 20 of the Indian Trusts Act, 1882 [as substituted by section 2 of the Indian Trusts (Amendment) Act, 2016], relating to investment of trust money.

The provisions of the aforesaid section, *inter alia*, provides that where trust-property consists of money and cannot be applied immediately or at an early date, the trustee shall, subject to any direction contained in the instrument of trust, invest the money in any of the securities or class of securities expressly authorised by the instrument of trust or as specified by the Central Government, by notification in the Official Gazette.

The said section further provides that where there is a person competent to contract and entitled in possession to receive the income of the trust-property for his life or any greater estate, no investment in any of the securities or class of securities mentioned above shall be made without his consent in writing.

It is proposed to amend the said section so as to provide that the trustee can make investment of such money as expressly authorised by the instrument of trust or in any of the securities or class of securities as specified by the Central Government by notification in the Official Gazette.

It is further proposed to amend the proviso to the said section so as to omit the expression "in any of the securities or class of securities mentioned above" occurring therein, which is consequential in nature.

This amendment shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

Clauses 131 and *132* of the Bill seek to amend section 7 of the Indian Post Office Act, 1898 relating to power to fix rates of inland postage.

The aforesaid section, *inter alia,* provides that the Central Government may, by notification in the Official Gazette, fix the rates of postage and other sums to be charged in respect of postal articles sent by the inland post under the said Act, provided that the highest rate of postage when pre-paid, shall not exceed the rate set forth for each class of postal articles in the First Schedule.

It is proposed to substitute the proviso to sub-section (*1*) of the said section of the said Act so as to provide that till the issuance of notification in the Official Gazette, by the Central Government, to fix the rates of postage and other sums of postal articles, in accordance with provisions of sub-section (*1*) of the said section, the rates set forth in the First Schedule shall be the rates chargeable under the said Act.

It is further proposed to omit sub-section (*2*) of the said section which is consequential in nature.

These amendments will take effect from 1st April, 2017.

Clauses 133 and *134* of the Bill seek to amend section 31 of the Reserve Bank of India Act, 1934 relating to issue of demand bills and notes.

It is proposed to insert a new sub-section (3) to the said section so as to provide that the Central Government may authorise any scheduled bank to issue electoral bond as referred to in the proposed clause (d) of the first proviso to section 13A of the Income-tax Act.

It is also proposed to define the expression "electoral bond".

This amendment is consequential in nature.

This amendment will come into force from 1st April, 2017.

Clauses 135 and *136* of the Bill seek to amend section 29C of the Representation of the People Act, 1951 relating to declaration of donation received by the political parties.

Sub-section (*3*) of section 29C of the Representation of the People Act, 1951, *inter alia*, provides that every political party shall furnish a report to the Election Commission with regard to the details of contributions received by it in excess of twenty thousand rupees from any person in order to avail the income-tax relief as per the provisions of Income-tax Act,1961.

It is proposed to provide that the contributions received by way of "electoral bond" shall be excluded from the scope of sub-section (*3*) of section 29C of the said Act. It is also proposed to define the term "electoral bond" which is consequential in nature.

This amendment will take effect from 1st April, 2017.

Clauses 137 and *138* of the Bill seek to amend section 18 of the Oil Industry (Development) Act, 1974 relating to Oil Industry Development Fund.

Sub-section (2) of section 18 of the said Act provides for application of the Oil Industry Development Fund for certain purposes. It is proposed to expand the scope of the said section, so as to utilise the said Fund for meeting any expenditure incurred by any Central Public Sector Undertaking in the oil and gas sector, on behalf of the Central Government and for meeting expenditure on any scheme or activity by the Central Government relating to oil and gas sector.

This amendment will come into force from 1st April, 2017.

Clauses 139 to *142* of the Bill seek to repeal the Research and Development Cess Act, 1986.

The Research and Development Cess Act, 1986 provides for the levy and collection of a cess on all payments made for the import of technology for the purposes of encouraging the commercial application of indigenously developed technology and for adapting imported technology to wider domestic application and for matters connected therewith or incidental thereto.

It is proposed to repeal the said Act, and to make budgetary allocation for Research and Development.

This amendment will come into force from 1st April, 2017.

Clauses 143 to *145* of the Bill seek to amend certain provisions of the Securities and Exchange Board of India Act, 1992.

It is proposed to amend section 2 of the Act so as to insert therein definitions of the expressions "Insurance Regulatory and Development Authority", "Judicial Member", "Pension Fund Regulatory and Development Authority" and "Technical Member". It is proposed to substitute section 15K relating to the establishment of Securities Appellate Tribunal, section 15L relating to the composition of the Appellate Tribunal, section 15M relating to the qualifications for appointment as Presiding Officer and Judicial Member. It is further proposed to insert new sections 15MA, 15MB and section 15MC relating to appointment of Presiding Officer, Judicial Members, Search-cum-Selection Committee for appointment of Technical Members, vacancy not to invalidate selection proceedings. It is also proposed to substitute section 15N relating to tenure of the office of Presiding Officer, Judicial Members and Technical Members. It is also proposed to insert a new section 15PA authorising the Member to act as Presiding Officer in certain circumstances. It is also proposed to substitute sub-section (*2*) of section 15Q relating to removal of Presiding Officer, Judicial Member or Technical Member of the Tribunal. It is also proposed to make certain consequential amendments in section 15T in view of the above amendments. New sub-sections (*4*) to (*6*) are proposed to be inserted in section 15U relating to distribution of business amongst Benches, transfer cases from one Bench to another Bench.

Clause 146 of the Bill seeks to amend the Seventh Schedule to the Finance Act, 2005 so as to revise the rates of certain tariff items as specified in the Seventh Schedule.

Clauses 147 to *149* of the Bill seek to amend certain provisions of the Payment and Settlement Systems Act, 2007 (hereinafter referred to as the said Act) which provides for the regulation and supervision of payment systems in India.

The existing provisions of Chapter II of the said Act relates to Designated Authority and its Committee. It is proposed to substitute the said Chapter so as to provide that instead of the existing Board for Regulation and Supervision of Payments and Settlement, the Payments Regulatory Board will exercise the functions relating to the regulation and supervision of payments and settlement systems under the Act. The proposed new Board shall consist of the Governor, Reserve Bank as Chairperson, Deputy Governor Reserve Bank who is in-charge of Payment and Settlement Systems as Member, one officer of the Reserve Bank to be nominated by the Central Board of the Reserve Bank as Member of the Board and three persons to be nominated by the Central Government as Members. It is also proposed to empower the said Board to devise the procedures to be followed in the meetings, venue of the meetings and other matters, incidental thereto by regulations.

It is also proposed to make consequential amendments in section 38 of the Act, so as to give reference of the Board in that section and reference of sub-section (*1*).

These amendments shall come into force on such date as the Central Government may, by notification, in the Official Gazette, appoint.

Clause 150 of the Bill seeks to amend the Finance Act, 2016.

Section 50 of the said Act amended sub-clause (*iii*) of clause (*c*) of sub-section (*1*) of section 112 of Income-tax Act to provide that with effect from the 1st day of April, 2017, the long-term capital gains arising from transfer of a capital asset being shares of a company not being a company in which the public are substantially interested, shall also be chargeable to tax at the rate of ten per cent.

It is now proposed to amend the said section 50 so as to provide that the above said amendments shall be effective from 1st April, 2013 instead of 1st April, 2017.

This amendment will take effect, retrospectively from 1st April, 2013 and will, accordingly, apply in relation to the assessment year 2013-2014 and subsequent years.

Clause (*c*) of the section 197 of the said Act provides that where any income has accrued, arisen or received or any asset has been acquired out of such income prior to commencement of the Income Declaration Scheme, 2016, and no declaration in respect of such income is made under the said Scheme, then such income shall be deemed to have accrued, arisen or received, as the case may be, in the year in which a notice under sub-section (*1*) of section 142, sub-section (*2*) of section 143 or section 148 or section 153A or section 153C of the Income-tax Act, 1961 is issued by the Assessing Officer, and provisions of the said Act shall apply accordingly.

It is proposed to omit clause (*c*) of the said section.

This amendment will take effect retrospectively from 1st June, 2016.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 9 of the Bill seeks to amend section 12A of the Income-tax Act relating to conditions for applicability of sections 11 and 12.

The said clause, *inter alia*, seeks to insert a new clause (ab) in sub-section (1) of the said section to provide that provisions of sections 11 and 12 shall not apply in relation to income of the trust or institution, unless the person in receipt of the income has made an application for registration of the trust or the institution which has adopted or undertaken modifications in the objects which do not conform to the conditions of registration, in the prescribed form and manner to the Principal Commissioner or Commissioner.

Clause 26 of the Bill seeks to insert a new section 50CA in the Income-tax Act relating to special provision for full value of consideration for transfer of share other than quoted shares.

In the said new section, it is proposed to provide that in case of transfer of shares of a company other than quoted shares, the full value of consideration for the purpose of computing income chargeable to tax as capital gain shall be the fair market value of such shares determined in accordance with such manner as may be prescribed.

Clause 42 of the Bill seeks to insert a new section 92CE of the Income-tax Act relating to secondary adjustment in certain cases.

Sub-section (2) of the proposed new section, *inter alia*, seeks to provide that where, as a result of primary adjustment to the transfer price, there is an increase in the total income or reduction in the loss, as the case may be, of the assessee, the excess money which is available with its associated enterprise, shall be deemed to be an advance made by the assessee to such associated enterprise, if it is not repatriated within the time as may be prescribed and shall be computed in such manner as may be prescribed.

Clause 99 of the Bill seeks to amend section 46 of the Customs Act so as to substitute sub-section (3) thereof. The second proviso to the said sub-section empowers the Board to make regulations to prescribe the charges for late presentation of bill of entry.

Clause 105 of the Bill seeks to insert a new sub-section (5) in section 127B of the Customs Act. The said sub-section empowers the Central Government to make rules to specify the manner in which and the conditions subject to which an application may be made by any person, other than the applicant, before the Settlement Commission.

Clause 107 of the Bill seeks to insert a new clause (ab) in sub-section (2) of section 157 of the Customs Act relating to power to make regulations. The said clause empowers the Board to make regulations to provide for the form, the particulars, the manner and the time of delivering the passenger and crew manifest for arrival and departure and the passenger name record information and the penalty, for the delay in furnishing such information under sections 30A and 41A thereof.

Clause 116 of the Bill seeks to insert a new sub-section (5) in section 32E of the Central Excise Act. The said sub-section empowers the Central Government to make rules to specify the manner in which and the conditions subject to which an application may be made by any person, other than an assessee, before the Settlement Commission.

Clause 148 of the Bill seeks to substitute Chapter II of the Payment and Settlement Systems Act, 2007 relating to Designated Authority which, *inter alia*, seeks to substitute section 3 of the said Act. The proposed sub-section (4) provides that the powers and functions of the Board, the time and venue of its meeting, the procedure to be followed in such meetings (including the quorum at such meetings) and other matters incidental thereto shall be such as may be prescribed.

2. The matters in respect of which rules or regulations may be made in accordance with the provisions of the Bill are matters of procedure and detail and it is not practicable to provide for them in the Bill.

3. The delegation of legislative power is, therefore, of a normal character.

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ANOOP MISHRA
Secretary General

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